

# Congressional Record

## SEVENTY-FIFTH CONGRESS, THIRD SESSION

### SENATE

FRIDAY, JANUARY 28, 1938

(Legislative day of Wednesday, January 5, 1938)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

#### THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Thursday, January 27, 1938, was dispensed with, and the Journal was approved.

#### MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

#### CALL OF THE ROLL

Mr. BARKLEY. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Connally	Hughes	Overton
Andrews	Copeland	Johnson, Calif.	Pepper
Ashurst	Davis	Johnson, Colo.	Pittman
Austin	Dieterich	King	Pope
Balliey	Donahay	La Follette	Radcliffe
Bankhead	Duffy	Lee	Reynolds
Barkley	Ellender	Lewis	Russell
Berry	Frazier	Lodge	Schwartz
Bilbo	George	Logan	Schwellenbach
Bone	Gerry	Loneragan	Sheppard
Borah	Gibson	Lundeen	Smathers
Brown, Mich.	Gillette	McAdoo	Smith
Brown, N. H.	Glass	McKellar	Steiwer
Bulkley	Guffey	McNary	Thomas, Okla.
Bulow	Hale	Maloney	Thomas, Utah
Burke	Harrison	Miller	Townsend
Byrd	Hatch	Milton	Truman
Byrnes	Hayden	Minton	Vandenberg
Capper	Herring	Murray	Wagner
Caraway	Hill	Neely	Walsh
Chavez	Hitchcock	Norris	Wheeler
Clark	Holt	O'Mahoney	

Mr. MINTON. I announce that the Senator from Rhode Island [Mr. GREEN] and the Senator from Maryland [Mr. TYDINGS] are absent because of illness.

The Senator from Nevada [Mr. McCARRAN] is absent on official business.

The Senator from Kansas [Mr. MCGILL] is detained on important public business.

My colleague, the senior Senator from Indiana [Mr. VAN NUYS] is unavoidably detained from the Senate.

Mr. AUSTIN. I announce that the Senator from New Hampshire [Mr. BRIDGES], the Senator from North Dakota [Mr. NYE] and the Senator from Minnesota [Mr. SHIPSTEAD] are necessarily absent.

The VICE PRESIDENT. Eighty-seven Senators have answered to their names. A quorum is present.

#### THE NATIONAL DEFENSE (H. DOC. NO. 510)

The VICE PRESIDENT laid before the Senate a message from the President of the United States, which was read, referred to the Committee on Military Affairs, and ordered to be printed, as follows:

To the Congress of the United States:

The Congress knows that for many years this Government has sought in many capitals with the leaders of many gov-

ernments to find a way to limit and reduce armaments and to establish at least the probability of world peace.

The Congress is aware also that while these efforts, supported by the hopes of the American people, continue and will continue, they have nevertheless failed up to the present time.

We, as a peaceful nation, cannot and will not abandon active search for an agreement among the nations to limit armaments and end aggression. But it is clear that until such agreement is reached—and I have not given up hope of it—we are compelled to think of our own national safety.

It is with the deepest regret that I report to you that armaments increase today at an unprecedented and alarming rate. It is an ominous fact that at least one-fourth of the world's population is involved in merciless, devastating conflict in spite of the fact that most people in most countries, including those where conflict rages, wish to live at peace. Armies are fighting in the Far East and in Europe; thousands of civilians are being driven from their homes and bombed from the air. Tension throughout the world is high.

As Commander in Chief of the Army and Navy of the United States it is my constitutional duty to report to the Congress that our national defense is, in the light of the increasing armaments of other nations, inadequate for purposes of national security and requires increase for that reason.

In spite of the well-known fact that the American standard of living makes our ships, our guns, and our planes cost more for construction than in any other nation and that the maintenance of them and of our Army and Navy personnel is more expensive than in any other nation, it is also true that the proportion of the cost of our military and naval forces to the total income of our citizens or to the total cost of our Government is far lower than in the case of any other great nation.

Specifically and solely because of the piling up of additional land and sea armaments in other countries, in such manner as to involve a threat to world peace and security, I make the following recommendations to the Congress:

(1) That there be authorized for the Army of the United States additions to antiaircraft matériel in the sum of \$8,800,000 and that of this sum \$6,800,000 be appropriated for the fiscal year 1939.

(2) That there be authorized and appropriated for the better establishment of an Enlisted Reserve for the Army the sum of \$450,000.

(3) That there be authorized the expenditure of \$6,080,000 for the manufacture of gages, dies, and other aids to manufacture of Army matériel, the sum of \$5,000,000 thereof to be expended during the fiscal year 1939.

(4) That the sum of \$2,000,000 be authorized and appropriated toward the making up of deficiencies in ammunition for the Army.

(5) That the existing authorized building program for increases and replacements in the Navy be increased by 20 percent.

(6) That this Congress authorize and appropriate for the laying down of two additional battleships and two additional cruisers during the calendar year 1938. This will call for the expenditure of a very small amount of Government funds during the fiscal year 1939.

(7) That the Congress authorize and appropriate a sum not to exceed \$15,000,000 for the construction of a number of new types of small vessels, such construction to be regarded as experimental in the light of new developments among navies; and to include the preparation of plans for other types of ships in the event that it may be necessary to construct such ships in the future.

I believe also that the time has come for the Congress to enact legislation aimed at the prevention of profiteering in time of war and the equalization of the burdens of possible war. Such legislation has been the subject for many years of full study in this and previous Congresses.

It is necessary for all of us to realize that the unfortunate world conditions of today have resulted too often in the discarding of those principles and treaties which underlie international law and order; and in the entrance of many new factors into the actual conduct of war.

Adequate defense means that for the protection not only of our coasts but also of our communities far removed from the coast, we must keep any potential enemy many hundred miles away from our continental limits.

We cannot assume that our defense would be limited to one ocean and one coast and that the other ocean and the other coast would with certainty be safe. We cannot be certain that the connecting link—the Panama Canal—would be safe. Adequate defense affects therefore the simultaneous defense of every part of the United States of America.

It is our clear duty to further every effort toward peace but at the same time to protect our Nation. That is the purpose of these recommendations. Such protection is and will be based not on aggression but on defense.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, January 28, 1938.

#### DISPOSITION OF EXECUTIVE PAPERS

The VICE PRESIDENT laid before the Senate a letter from the Archivist of the United States, transmitting, pursuant to law, lists of papers among the archives and on the files of the Navy Department which are not needed in the conduct of business and have no permanent value or historical interest, and requesting action looking to their disposition, which, with the accompanying papers, was referred to a Joint Select Committee on the Disposition of Papers in the Executive Departments.

The VICE PRESIDENT appointed Mr. BARKLEY and Mr. GIBSON members of the committee on the part of the Senate.

#### PETITIONS

The VICE PRESIDENT laid before the Senate the following resolution of the House of Representatives of the State of Ohio, which was referred to the Committee on Military Affairs:

Resolution memorializing Congress to adopt the Universal Service Act, H. R. 6704, now pending before that body

*Be it resolved*, That the Congress of the United States is hereby memorialized to adopt the Universal Service Act, H. R. 6704, to prevent profiteering in time of war and to equalize the burdens of war and thus provide for the national defense, and promote peace, now pending before that body; and be it further

*Resolved*, That a copy of this resolution be transmitted by the clerk of the house to the two United States Senators and to each of the 24 Congressmen from Ohio, and to the Clerk of the United States Senate, and to the Clerk of the House of Representatives.

The VICE PRESIDENT also laid before the Senate the following resolution of the House of Representatives of the State of Ohio, which was ordered to lie on the table:

Resolution memorializing Congress to enact a uniform wage and hour law

Whereas it is the consensus of opinion of a majority of the members of this house that it would be of economic benefit to the wage earners of our country if a law were enacted by Congress regulating wages and the number of hours in a workweek; and

Whereas the enactment of uniform, well-considered, and well-prepared minimum wage and maximum workweek legislation will contribute greatly to the industrial peace and economic welfare of our Nation as a whole: Therefore be it

*Resolved*, That the members of the house of representatives of the ninety-second general assembly hereby memorialize the Congress of the United States to speedily enact a law regulating wages and hours, which will provide for a uniform minimum rate of 40 cents per hour and a workweek of not more than 40 hours for all working men and women in all sections of the country wherever they may be employed throughout the United States; and be it further

*Resolved*, That copies of this resolution be transmitted by the clerk of the house of representatives to President Franklin D. Roosevelt, Vice President John N. Garner, the Clerk of the United States Senate, the Clerk of the United States House of Representatives, and to the United States Senators and the Members of Congress from Ohio.

Mr. LODGE presented a resolution adopted by the Board of Aldermen of the City of Chelsea, Mass., favoring the enactment of the bill (H. R. 1507) to assure to persons within the jurisdiction of every State the equal protection of the laws and to punish the crime of lynching, which was ordered to lie on the table.

#### REPORT OF COMMITTEE ON THE JUDICIARY

Mr. ASHURST (for Mr. MCCARRAN), from the Committee on the Judiciary, to which was referred the bill (S. 3052) to provide for the punishment of persons transporting stolen animals in interstate commerce, and for other purposes, reported it without amendment and submitted a report (No. 1316) thereon.

#### BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. CLARK:

A bill (S. 3332) to provide for recognizing the services rendered by civilian officers and employees in the construction and establishment of the Panama Canal and the Canal Zone; to the Committee on InterOceanic Canals.

By Mr. McADOO:

A bill (S. 3333) to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claims of Ben White, Arch Robinson, Lee Wells, W. S. Wells, A. J. McLaren, A. D. Barkelew, Oscar Clayton, R. L. Culpepper, W. B. Edwards, the estate of John McLaren, the estate of C. E. Wells, and the estate of Theodore Bowen; to the Committee on Claims.

By Mr. HAYDEN:

A bill (S. 3334) to authorize the erection of additional facilities to the existing United States Veterans' Administration facility at Tucson, Ariz.; to the Committee on Finance.

By Mr. PEPPER:

A bill (S. 3335) relating to appointments to the Military and Naval Academies of sons of certain officers, soldiers, sailors, and marines of the Army, Navy, and Marine Corps of the United States; to the Committee on Military Affairs.

By Mr. CLARK:

A joint resolution (S. J. Res. 249) to transfer jurisdiction of the Legislative Reference Service to the President of the Senate and the Speaker of the House of Representatives; to the Committee on the Library.

#### AMENDMENT OF TARIFF ACT OF 1930—LUMBER AND TIMBER PRODUCTS

Mr. McNARY submitted an amendment intended to be proposed by him to the bill (H. R. 8099) to amend certain administrative provisions of the Tariff Act of 1930, and for other purposes, which was referred to the Committee on Finance and ordered to be printed.

#### AMENDMENTS TO INTERIOR DEPARTMENT APPROPRIATION BILL

Mr. MURRAY submitted amendments intended to be proposed by him to the Interior Department appropriation bill, 1939, which were referred to the Committee on Appropriations and ordered to be printed, as follows:

At the proper place, under the heading "Bureau of Reclamation", insert the following:

"Marias River investigations: To enable the Secretary of the Interior, through the Bureau of Reclamation, to carry on en-



engineering and economic investigations, including all necessary surveys, to determine the economic and financial feasibility of establishing a reclamation project in the valley of the Marias River in the State of Montana, \$50,000."

At the proper place, under the heading "Bureau of Reclamation", insert the following:

"Missouri and Milk River Valley investigations: To enable the Secretary of the Interior, through the Bureau of Reclamation, to carry on engineering and economic investigations, including all necessary surveys, to determine the economic and financial feasibility of establishing reclamation projects in the valley of the Missouri and Milk Rivers in the State of Montana, \$40,000."

At the proper place, under the heading "Bureau of Reclamation", insert the following:

"Yellowstone River Basin investigations: To enable the Secretary of the Interior, through the Bureau of Reclamation, to carry on engineering and economic investigations, including all necessary surveys, to determine the economic and financial feasibility of establishing reclamation projects in the basin formed by the Yellowstone River and its tributaries in the State of Montana, \$45,000."

#### ELIZABETH REILY

Mr. HARRISON submitted the following resolution (S. Res. 228), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

*Resolved*, That the Secretary of the Senate hereby is authorized and directed to pay from the contingent fund of the Senate to Elizabeth Reily, daughter of W. Jones Miller, late a messenger of the Senate under supervision of the Sergeant at Arms, a sum equal to 6 months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

#### INTERNAL-REVENUE COLLECTIONS AND RELIEF EXPENDITURES

Mr. TOWNSEND. Mr. President, I ask permission to insert in the RECORD a very interesting tabulation, which shows the total internal-revenue collections from the several States and the total relief expenditures in the States by the Federal Government. The tabulation shows that the two totals are

almost equal, being \$15,649,100,000 for internal-revenue collections and \$15,162,800,000 for relief expenditures.

In this study the States are divided into two sections. Section A includes all States west of the Mississippi River, group 1; and the southern tier of States, including Tennessee and South Carolina, group 2. Section B includes all the States north of the Mason and Dixon's line, group 3, and east of the Mississippi, together with group 4, consisting of Kentucky, Maryland, North Carolina, and Virginia. It will be observed that section B, groups 3 and 4, contributed 80 percent of the total revenue collections, but received only 48½ percent of the relief expenditures. Notwithstanding this inequality, groups 3 and 4 contain 60.8 percent of the total unemployed and 56.3 percent of those working on W. P. A., N. Y. A., C. C. C., and other emergency work. The difference between the amount contributed and the relief expenditures in groups 3 and 4 is \$5,200,000,000, which sum these States paid out to groups 1 and 2, which had only 39.7 percent of the totally unemployed and 43.7 percent of those working on W. P. A., N. Y. A., C. C. C., and other emergency work.

This distribution of taxes, supposedly collected to help the unemployed, should be known. The tabulation which I submit shows the amounts, in millions of dollars, collected and expended in each State separately, both as a total and per capita. It shows also the number of Representatives in the House of Representatives, the estimated population, wealth, and the number of unemployed persons.

These data have all been taken from Federal statements, excepting those as to wealth, which were taken from the report of the Brookings Institution for the year 1929.

There being no objection, the tabulation was ordered to be printed in the RECORD, as follows:

Comparison of total Federal relief expenditures and revenue collections, fiscal years 1933-37, inclusive

	Internal-revenue collections (millions)	Federal relief expenditures (millions)	Internal-revenue collections per capita	Federal relief expenditures per capita	Ratio of expenditures to collections	Number of Representatives in House	Population, estimated, 1936	Wealth of States (thousands), estimated, 1929	Totally unemployed and wanting work	Percent, by States, of total unemployed and wanting work	Working on W. P. A., N. Y. A., C. C. C., and other emergency work	Percent, by States, of work on W. P. A., N. Y. A., and C. C. C. emergency work
<b>SECTION A</b>												
<b>GROUP 1. WEST OF THE MISSISSIPPI</b>												
					Percent							
Arizona	9.0	136.3	\$22.17	\$335.71	1,514	1	406,000	1,840,009	12,948	0.2	8,476	0.4
Arkansas	17.1	267.9	8.45	132.43	1,567	7	2,020,000	3,539,443	92,149	1.6	34,254	1.7
California	870.8	721.0	143.72	119.00	83	20	6,059,000	21,044,427	258,005	4.4	91,055	4.5
Colorado	84.5	197.8	79.27	185.55	234	4	1,066,000	4,512,176	44,272	.8	20,829	1.0
Idaho	9.1	122.2	18.76	252.00	1,343	2	485,000	2,147,517	18,641	.3	7,239	.4
Iowa	87.3	373.3	34.33	146.80	428	9	2,540,000	14,716,635	61,531	1.1	23,765	1.2
Kansas	85.5	337.6	45.34	179.00	395	7	1,886,000	8,769,681	64,575	1.1	35,038	1.7
Minnesota	217.3	376.2	82.48	142.77	173	9	2,635,000	11,966,085	98,495	1.7	45,684	2.3
Missouri	386.7	411.8	97.67	104.02	106	13	3,959,000	13,839,614	191,873	3.3	65,109	3.2
Montana	20.9	241.4	39.36	454.51	1,155	2	531,000	3,112,464	28,390	.5	20,203	1.0
Nebraska	50.4	286.4	36.95	209.97	568	5	1,364,000	7,448,105	44,872	.8	25,850	1.3
Nevada	11.7	74.0	117.00	740.00	632	1	100,000	758,402	3,091	.1	1,757	.1
New Mexico	5.4	121.8	12.80	288.63	2,256	1	422,000	1,192,570	21,162	.4	9,428	.5
North Dakota	6.2	223.6	8.82	318.07	3,606	2	703,000	3,453,880	26,962	.5	18,707	.9
Oklahoma	208.9	323.0	82.63	127.96	155	9	2,528,000	5,590,933	114,114	2.0	58,725	2.9
Oregon	36.9	185.7	36.28	182.60	503	3	1,017,000	4,787,242	55,557	1.0	14,634	.7
South Dakota	6.3	224.1	9.10	323.84	3,557	2	692,000	4,080,355	26,002	.5	23,680	1.2
Texas	346.9	763.1	56.69	124.75	220	21	6,117,000	13,791,240	229,253	3.9	76,355	3.8
Utah	20.1	105.1	38.95	203.68	523	2	516,000	2,149,667	18,848	.3	10,945	.5
Washington	85.8	281.3	52.22	171.21	328	6	1,643,000	7,171,367	84,871	1.5	31,078	1.6
Wyoming	7.3	81.6	31.33	350.21	1,118	1	233,000	1,366,734	7,665	.1	3,191	.2
Total	2,574.1	5,855.2				127	36,922,000	137,294,549	1,508,277	26.1	626,002	31.1
<b>GROUP 2. SOUTHERN TIER</b>												
Alabama	45.0	368.0	15.70	128.50	818	9	2,864,000	4,202,860	150,145	2.5	38,739	1.9
Florida	100.3	211.9	61.07	129.05	211	5	1,642,000	2,298,000	73,479	1.3	33,151	1.7
Georgia	109.7	334.2	35.85	109.22	305	10	3,660,000	4,284,000	130,803	2.2	36,589	1.8
Louisiana	112.8	241.7	53.16	113.90	214	8	2,122,000	4,782,604	143,031	2.5	54,352	2.7
Mississippi	12.9	253.8	6.42	126.39	1,967	7	2,008,000	2,811,200	89,504	1.5	29,377	1.5
South Carolina	57.0	216.8	30.64	116.56	380	6	1,860,000	2,604,000	73,227	1.3	29,401	1.5
Tennessee	88.6	330.9	30.94	115.54	373	9	2,864,000	3,009,600	116,142	2.0	31,956	1.6
Total	526.3	1,957.3				54	16,420,000	23,992,264	776,331	13.3	253,563	12.7

## Comparison of total Federal relief expenditures and revenue collections, fiscal years 1933-37, inclusive—Continued

	Internal-revenue collections (millions)	Federal relief expenditures (millions)	Internal-revenue collections per capita	Federal relief expenditures per capita	Ratio of expenditures to collections (Percent)	Number of Representatives in House	Population, estimated, 1936	Wealth of States (thousands), estimated, 1929	Totally unemployed and wanting work	Percent, by States, of total unemployed and wanting work	Working on W. P. A., N. Y. A., C. C. C., and other emergency work	Percent, by States, of work on W. P. A., N. Y. A., and C. C. C. emergency work
<b>SECTION B</b>												
<b>GROUP 3. NORTH OF MASON AND DIXON'S LINE</b>												
Connecticut.....	207.6	110.0	\$119.72	\$63.44	53	6	1,734,000	7,400,400	69,576	1.2	18,206	0.9
Delaware.....	160.2	28.4	618.50	109.65	18	1	259,000	876,071	8,907	.2	2,429	.1
Illinois.....	1,330.8	897.5	169.62	114.40	67	27	7,845,000	31,025,911	338,555	5.7	121,688	6.1
Indiana.....	275.7	333.2	79.70	96.33	121	12	3,459,000	12,361,616	133,136	2.3	53,267	2.7
Maine.....	37.2	68.9	43.61	80.77	185	3	853,000	2,809,143	37,814	.7	6,050	.3
Massachusetts.....	531.2	428.8	120.04	96.90	81	15	4,425,000	18,173,174	248,484	4.2	79,135	3.9
Michigan.....	763.9	448.4	159.71	93.75	59	17	4,783,000	15,966,805	195,016	3.4	54,172	2.7
New Hampshire.....	23.5	44.1	46.26	86.81	188	2	508,000	1,903,789	25,311	.4	6,628	.3
New Jersey.....	622.7	344.5	143.88	79.60	55	14	4,328,000	16,511,864	217,176	3.7	70,354	3.5
New York.....	3,388.1	1,545.7	261.93	119.49	46	45	12,935,000	51,849,366	763,322	13.1	206,518	10.2
Ohio.....	817.0	717.6	121.70	106.89	88	24	6,713,000	25,885,372	304,682	5.2	105,185	5.3
Pennsylvania.....	1,255.0	921.2	123.82	90.88	73	34	10,136,000	40,367,243	566,437	9.6	184,014	9.1
Rhode Island.....	82.5	44.9	121.14	65.93	54	2	681,000	2,664,056	48,654	.8	14,889	.7
Vermont.....	10.0	48.7	26.32	128.16	487	1	380,000	1,178,856	10,197	.2	4,128	.2
West Virginia.....	56.5	194.2	30.86	106.12	344	6	1,830,000	6,535,086	86,449	1.5	34,061	1.7
Wisconsin.....	253.5	355.8	87.17	122.35	140	10	2,908,000	11,012,513	112,728	1.8	46,574	2.3
Total.....	9,815.4	6,531.9				219	63,777,000	246,581,265	3,160,944	54.0	1,007,298	50.0
<b>GROUP 4. STATES WHOSE REVENUE IS DERIVED LARGELY FROM LIQUOR AND TOBACCO TAXES</b>												
Kentucky.....	418.8	212.6	145.26	73.74	51	9	2,883,000	5,015,347	143,031	2.5	54,352	2.7
Maryland.....	268.5	137.9	160.39	82.38	51	6	1,674,000	5,586,476	58,288	1.0	12,947	.6
North Carolina.....	1,351.5	276.3	390.94	79.92	20	11	3,457,000	6,360,354	94,711	1.6	31,030	1.5
Virginia.....	694.5	191.6	260.02	71.73	28	9	2,671,000	6,848,198	84,487	1.5	28,112	1.4
Total.....	2,733.3	818.4				35	10,685,000	23,810,375	380,517	6.6	126,441	6.2

	All States	Groups 1 and 2	Percent of total	Groups 3 and 4	Percent of total
Total internal revenue collections.....	15,649.1	3,100.4	19.8	112,548.7	80.2
Total relief expenditures.....	15,162.8	7,812.5	51.5	17,350.3	48.5
Persons totally unemployed.....	5,826,069	2,284,608	39.2	3,541,561	60.8
Persons working on W. P. A., N. Y. A., C. C. C., and other emergency work.....	2,013,304	879,565	43.7	1,133,739	56.3

<sup>1</sup> Millions of dollars.

## THEODORE W. NOYES

[Mr. CAPPER asked and obtained leave to have printed in the RECORD an address delivered by Theodore W. Noyes, publisher of the Washington Star, at a testimonial dinner in his honor held in the city of Washington on January 26, 1938, which appears in the Appendix.]

## ADDRESS BY GOVERNOR LEHMAN BEFORE NEW YORK STATE BAR ASSOCIATION

[Mr. COPELAND asked and obtained leave to have printed in the RECORD an address delivered by the Governor of New York before the New York State Bar Association on January 22, 1938, which appears in the Appendix.]

## ORDER OF BUSINESS

Mr. KING obtained the floor.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. KING. I yield if I shall not lose the floor.

The VICE PRESIDENT. The Senator from Utah has been recognized; and if he yields the floor, and the rule is invoked, it will count as one speech against him.

Mr. CLARK. I withdraw the request.

Mr. ADAMS. Mr. President—

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Colorado?

Mr. KING. I yield for a question; or I yield if I may do so without losing the floor.

Mr. ADAMS. Mr. President, there is on the desk a privileged matter, a conference report, which I assume could be taken up without interfering with the Senator's right to the floor.

The VICE PRESIDENT. If the Senator from Colorado had been on his feet first the Chair could have recognized him, and would have done so; but he cannot do it now, because it would be the transaction of business, unless the Senate gives unanimous consent.

Mr. ADAMS. I ask unanimous consent that that may be done.

The VICE PRESIDENT. The Senator from Colorado asks unanimous consent that he be permitted to bring up a privileged conference report for consideration without interfering with the rights of the Senator from Utah with reference to the number of speeches made on this bill.

Mr. BORAH. Mr. President, may not that unanimous consent be extended to the transaction of morning business?

The VICE PRESIDENT. Is there objection to the Chair recognizing various Senators to submit resolutions, and so forth, without affecting the rights of the Senator from Utah?

The Chair hears none.

(At this point, by unanimous consent, routine business was transacted, which appears under the appropriate headings elsewhere in today's RECORD.)

## APPROPRIATIONS FOR SUGAR CONTROL ACT AND CROP-PRODUCTION AND HARVESTING LOANS—CONFERENCE REPORT

Mr. ADAMS. Mr. President, yesterday there was submitted the conference report on House Joint Resolution 571. At that time a motion was made that the report be agreed to, but at the request of the junior Senator from Texas [Mr. CONNALLY] the matter went over until today. I now ask for the adoption of the report.

The VICE PRESIDENT. Without objection, the report will be read.

The legislative clerk read the report, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the joint resolution (H. J. Res. 571) making appropriations available for administration of the Sugar Act of 1937 and for crop production and harvesting loans, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:



That the House recede from its disagreement to the amendments of the Senate numbered 1, 3, 4, and 5, and agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by such amendment insert the following:

"SENATE

"That the following sums are hereby appropriated, out of any money in the Treasury, not otherwise appropriated, for expenses of the Senate, namely:"

And the Senate agree to the same.

ALVA B. ADAMS,  
CARTER GLASS,  
FREDERICK HALE,

*Managers on the part of the Senate.*

EDWARD T. TAYLOR,  
C. A. WOODRUM,  
CLARENCE CANNON,  
JOHN TABER,

*Managers on the part of the House.*

The VICE PRESIDENT. The question is on agreeing to the conference report.

Mr. KING. Mr. President, will the Senator explain the matter embodied in the report?

Mr. ADAMS. Gladly. It is purely a textual amendment.

In the short House joint resolution passed a few days ago there was added by the Appropriations Committee of the Senate an appropriation to provide money for the Senate committees and for the maintenance of the Senate restaurant. In the preparation of the amendment the clerks of the Appropriations Committee assumed that the form of the joint resolution was like that of ordinary appropriation bills, with an appropriation clause in it, and so they merely added the items. When the joint resolution was examined, however, it was found that it did not have the preceding appropriation clause, so the conference report simply seeks to correct that textual mistake by adding the formal words of appropriation.

The VICE PRESIDENT. The question is on agreeing to the conference report.

The report was agreed to.

NATIONAL HOUSING PROGRAM—CONFERENCE REPORT

Mr. BARKLEY. Mr. President, will the Senator from Utah yield to me for a statement with reference to procedure, without taking the Senator off his feet?

Mr. KING. With that understanding, I yield.

Mr. BARKLEY. The Senator from New York [Mr. WAGNER] had intended to file the report on the housing bill at this hour, with an announcement that it would be taken up on Monday. He has inadvertently left the report at his office. As soon as it is obtained he will file it, with the statement that he contemplates bringing it up on Monday. I thought Senators ought to know that.

Mr. WAGNER subsequently, during Mr. KING's speech, said: Mr. President, will the Senator from Utah yield to me so that I may present a conference report?

Mr. KING. Mr. President, I ask unanimous consent that I may yield to the Senator from New York while he presents a conference report.

The PRESIDENT pro tempore. Is there objection? The Chair hears none.

Mr. WAGNER. Mr. President, I send to the desk and ask to file the conference report on House bill 8730, the National Housing Act amendment of 1938. I wish to say that on Monday I propose to move the consideration of the report. I ask that the report may lie on the table.

The report submitted by Mr. WAGNER is as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 8730) to amend the National Housing Act, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"That this Act may be cited as the 'National Housing Act Amendments of 1938.'

"Sec. 2. Subsections (a) and (b) of section 2 of the National Housing Act, as amended, are amended to read as follows:

"Sec. 2. (a) The Administrator is authorized and empowered, upon such terms and conditions as he may prescribe, to insure banks, trust companies, personal finance companies, mortgage companies, building and loan associations, installment lending companies, and other such financial institutions, which the Administrator finds to be qualified by experience or facilities and approves as eligible for credit insurance, against losses which they may sustain as a result of loans and advances of credit, and purchases of obligations representing loans and advances of credit, made by them on and after the date of the enactment of the National Housing Act Amendments of 1938 and prior to July 1, 1939, or such earlier date as the President may fix by proclamation upon his determination that there no longer exists any necessity for such insurance in order to make ample credit available for the purpose of financing alterations, repairs, and improvements upon urban, suburban, or rural real property, by the owners thereof or by lessees of such real property under a lease expiring not less than six months after the maturity of the loan or advance of credit. In no case shall the insurance granted by the Administrator under this section to any such financial institution on loans, advances of credit, and purchases made by such financial institution for such purposes on and after the date of the enactment of the National Housing Act Amendments of 1938 exceed 10 per centum of the total amount of such loans, advances of credit, and purchases. The total liability which may be outstanding at any time plus the amount of claims paid in respect of all insurance heretofore and hereafter granted under this section and section 6, as amended, shall not exceed in the aggregate \$100,000,000.

"(b) No insurance shall be granted under this section to any such financial institution with respect to any obligation representing any such loan, advance of credit, or purchase by it, if the amount of such loan, advance of credit, or purchase exceeds \$10,000 with respect to loans, advances, or purchases for financing repairs, alterations, or improvements upon or in connection with existing structures, or exceeds \$2,500 with respect to loans, advances, or purchases for financing the building of new structures, nor unless the obligation bears such interest, has such maturity, and contains such other terms, conditions, and restrictions as the Administrator shall prescribe in order to make credit available for the purposes of this title.

"Sec. 3. Title II of the National Housing Act, as amended, is amended to read as follows:

"TITLE II—MORTGAGE INSURANCE

"DEFINITIONS

"SECTION 201. As used in section 203 of this title—

"(a) The term "mortgage" means a first mortgage on real estate, in fee simple, or on a leasehold (1) under a lease for not less than ninety-nine years which is renewable or (2) under a lease having a period of not less than fifty years to run from the date the mortgage was executed; and the term "first mortgage" means such classes of first liens as are commonly given to secure advances on, or the unpaid purchase price of, real estate, under the laws of the State, district, or Territory in which the real estate is located, together with the credit instruments, if any, secured thereby.

"(b) The term "mortgagee" includes the original lender under a mortgage, and his successors and assigns approved by the Administrator; and the term "mortgagor" includes the original borrower under a mortgage and his successors and assigns.

"(c) The term "maturity date" means the date on which the mortgage indebtedness would be extinguished if paid in accordance with periodic payments provided for in the mortgage.

"MUTUAL MORTGAGE INSURANCE FUND

"Sec. 202. There is hereby created a Mutual Mortgage Insurance Fund (hereinafter referred to as the "Fund"), which shall be used by the Administrator as a revolving fund for carrying out the provisions of this title with respect to mortgages insured under section 203 as hereinafter provided, and there shall be allocated immediately to such Fund the sum of \$10,000,000 out of funds made available to the Administrator for the purposes of this title.

"INSURANCE OF MORTGAGES

"Sec. 203. (a) The Administrator is authorized, upon application by the mortgagee, to insure as hereinafter provided any mortgage offered to him which is eligible for insurance as hereinafter provided, and, upon such terms as the Administrator may prescribe, to make commitments for the insuring of such mortgages prior to the date of their execution or disbursement thereon: *Provided*, That the aggregate amount of principal obligations of all mortgages insured under this title and outstanding at any one time shall not exceed \$2,000,000,000, except that with the approval of the President such aggregate amount may be increased to not to exceed \$3,000,000,000: *Provided further*, That on and after July 1, 1939, no mortgages shall be insured under this title except mortgages (1) that cover property which is approved for mortgage insurance prior to the completion of the construction of such property, or (2) that cover property the construction of which was commenced after January 1, 1937, and was completed prior to July 1, 1939, or (3) that cover property which has been previously covered by a mortgage insured by the Administrator.

"(b) To be eligible for insurance under this section a mortgage shall—

"(1) Have been made to, and be held by, a mortgagee approved by the Administrator as responsible and able to service the mortgage properly.

"(2) Involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Administrator shall approve) in an amount—

"(A) not to exceed \$16,000 and not to exceed 80 per centum of the appraised value (as of the date the mortgage is accepted for insurance) of a property upon which there is located a dwelling or dwellings designed principally for residential use for not more than four families in the aggregate, irrespective of whether such dwelling or dwellings have a party wall or are otherwise physically connected with another dwelling or dwellings, or

"(B) not to exceed \$5,400 and not to exceed 90 per centum of the appraised value (as of the date the mortgage is accepted for insurance) of a property, urban, suburban, or rural, upon which there is located a dwelling designed principally for a single-family residence (i) the construction of which is begun after the date of enactment of the National Housing Act Amendments of 1938 and which is approved for mortgage insurance prior to the beginning of construction, or (ii) the construction of which was begun after January 1, 1937, and prior to the date of enactment of the National Housing Act Amendments of 1938, and which has not been sold or occupied since completion: *Provided*, That with respect to mortgages insured under this paragraph the mortgagor shall be the owner and occupant of the property at the time of the insurance and shall have paid on account of the property at least 10 per centum of the appraised value in cash or its equivalent, or

"(C) not to exceed \$8,600 and not to exceed the sum of (i) 90 per centum of \$6,000 of the appraised value (as of the date the mortgage is accepted for insurance) and (ii) 80 per centum of such value in excess of \$6,000 and not in excess of \$10,000, of a property of the character described in paragraph (2) (B) of this subsection and subject to the same limitations and conditions which apply to such property.

"(3) Have a maturity satisfactory to the Administrator, but not to exceed twenty years from the date of the insurance of the mortgage: *Provided*, That until July 1, 1939, a mortgage of the character described in paragraph (2) (B) of this subsection shall be eligible for insurance under this section if it has a maturity satisfactory to the Administrator, but not to exceed twenty-five years from the date of the insurance of the mortgage.

"(4) Contain complete amortization provisions satisfactory to the Administrator requiring periodic payments by the mortgagor not in excess of his reasonable ability to pay as determined by the Administrator.

"(5) Bear interest (exclusive of premium charges for insurance) at not to exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time, or not to exceed 6 per centum per annum if the Administrator finds that in certain areas or under special circumstances the mortgage market demands it.

"(6) *Provided*, in a manner satisfactory to the Administrator, for the application of the mortgagor's periodic payments (exclusive of the amount allocated to interest and to the premium charge which is required for mortgage insurance as hereinafter provided) to amortization of the principal of the mortgage.

"(7) Contain such terms and provisions with respect to insurance, repairs, alterations, payment of taxes, default reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, additional and secondary liens, and other matters as the Administrator may in his discretion prescribe.

"(c) The Administrator is authorized to fix a premium charge for the insurance of mortgages under this title but in the case of any mortgage such charge shall not be less than an amount equivalent to one-half of 1 per centum per annum nor more than an amount equivalent to 1 per centum per annum of the amount of the principal obligation of the mortgage outstanding at any time, without taking into account delinquent payments or prepayments: *Provided*, That a premium charge so fixed and computed shall also be applicable to each mortgage insured prior to the date of enactment of the National Housing Act Amendments of 1938 in lieu of any premium charge which would otherwise become due after such date with respect to such mortgage: *Provided further*, That in the case of any mortgage described in section 203 (b) (2) (B) and accepted for insurance after such date and prior to July 1, 1939, the premium charge shall be one-fourth of 1 per centum per annum on such outstanding principal obligation. Such premium charges shall be payable by the mortgagee, either in cash, or in debentures issued by the Administrator under this title at par plus accrued interest, in such manner as may be prescribed by the Administrator: *Provided*, That the Administrator may require the payment of one or more such premium charges at the time the mortgage is insured, at such discount rate as he may prescribe not in excess of the interest rate specified in the mortgage. If the Administrator finds upon the presentation of a mortgage for insurance and the tender of the initial premium charge or charges so required that the mortgage complies with the provisions of this section, such mortgage may be accepted for insurance by endorsement or otherwise as the Administrator may prescribe; but no mortgage shall be accepted for insurance under this section unless the Administrator finds that the project with respect to which the mortgage is executed is economically sound. In the event that the principal obligation of any mortgage accepted for insurance under this section or section 210 is paid in full prior to the maturity date, the Adminis-

trator is further authorized in his discretion to require the payment by the mortgagee of an adjusted premium charge in such amount as the Administrator determines to be equitable, but not in excess of the aggregate amount of the premium charges that the mortgagee would otherwise have been required to pay if the mortgage had continued to be insured under this section until such maturity date; and in the event that the principal obligation is paid in full as herein set forth and a mortgage on the same property is accepted for insurance at the time of such payment, the Administrator is authorized to refund to the mortgagee for the account of the mortgagor all, or such portion as he shall determine to be equitable, of the current unearned premium charges theretofore paid.

"(d) The Administrator is authorized to insure, pursuant to the provisions of this section, any mortgage which (A) covers a farm upon which a farm house or other farm buildings are to be constructed or repaired, and (B) otherwise would be eligible for insurance under the provisions of paragraph (b) of this section: *Provided*, That the construction and repairs to be undertaken on such farm shall involve the expenditure for materials and labor of an amount not less than 15 per centum of the total principal obligation of said mortgage.

#### "PAYMENT OF INSURANCE

"Sec. 204. (a) In any case in which the mortgagee under a mortgage insured under section 203 or section 210 shall have foreclosed and taken possession of the mortgaged property in accordance with regulations of, and within a period to be determined by, the Administrator, or shall, with the consent of the Administrator, have otherwise acquired such property from the mortgagor after default, the mortgagee shall be entitled to receive the benefit of the insurance as hereinafter provided, upon (1) the prompt conveyance to the Administrator of title to the property which meets the requirements of rules and regulations of the Administrator in force at the time the mortgage was insured, and which is evidenced in the manner prescribed by such rules and regulations, and (2) the assignment to him of all claims of the mortgagee against the mortgagor or others, arising out of the mortgage transaction or foreclosure proceedings, except such claims as may have been released with the consent of the Administrator. Upon such conveyance and assignment the obligation of the mortgagee to pay the premium charges for insurance shall cease and the Administrator shall, subject to the cash adjustment hereinafter provided, issue to the mortgagee debentures having a total face value equal to the value of the mortgage and a certificate of claim, as hereinafter provided. For the purposes of this subsection, the value of the mortgage shall be determined, in accordance with rules and regulations prescribed by the Administrator, by adding to the amount of the original principal obligation of the mortgage which was unpaid on the date of the institution of foreclosure proceedings, or on the date of the acquisition of the property after default other than by foreclosure, the amount of all payments which have been made by the mortgagee for taxes, special assessments, water rates, which are liens prior to the mortgage, insurance on the property mortgaged, and any mortgage insurance premiums paid after either of such dates, and by deducting from such total amount any amount received on account of the mortgage after either of such dates, and any amount received as rent or other income from the property, less reasonable expenses incurred in handling the property, after either of such dates: *Provided*, That with respect to mortgages which are accepted for insurance prior to July 1, 1939, under section 203 (b) (2) (B) of this Act, and which are foreclosed before there shall have been paid on account of the principal obligation of the mortgage a sum equal to 10 per centum of the appraised value of the property as of the date the mortgage was accepted for insurance, there may be included in the debentures issued by the Administrator, on account of foreclosure costs actually paid by the mortgagee and approved by the Administrator an amount not in excess of 2 per centum of the unpaid principal of the mortgage as of the date of the institution of foreclosure proceedings, but in no event in excess of \$75.

"(b) The Administrator may at any time, under such terms and conditions as he may prescribe, consent to the release of the mortgagor from his liability under the mortgage or the credit instrument secured thereby, or consent to the release of parts of the mortgaged property from the lien of the mortgage.

"(c) Debentures issued under this section shall be in such form and denominations in multiples of \$50, shall be subject to such terms and conditions, and shall include such provisions for redemption, if any, as may be prescribed by the Administrator with the approval of the Secretary of the Treasury, and may be in coupon or registered form. Any difference between the value of the mortgage determined as herein provided and the aggregate face value of the debentures issued, not to exceed \$50, shall be adjusted by the payment of cash by the Administrator to the mortgagee from the Fund as to mortgages insured under section 203 and from the Housing Fund as to mortgages insured under section 210.

"(d) The debentures issued under this section to any mortgagee with respect to mortgages insured under section 203 shall be executed in the name of the Mutual Mortgage Insurance Fund as obligor, shall be signed by the Administrator by either his written or engraved signature, and shall be negotiable and the debentures issued under this section to any mortgagee with respect to mortgages insured under section 210 shall be executed in the name of the Housing Insurance Fund as obligor, shall be signed by the Administrator by either his written or engraved signature, and



shall be negotiable. All such debentures shall be dated as of the date foreclosure proceedings were instituted, or the property was otherwise acquired by the mortgagee after default, and shall bear interest from such date at a rate determined by the Administrator, with the approval of the Secretary of the Treasury, at the time the mortgage was offered for insurance, but not to exceed 3 per centum per annum, payable semiannually on the 1st day of January and the 1st day of July of each year, and shall mature three years after the 1st day of July following the maturity date of the mortgage on the property in exchange for which the debentures were issued. Such debentures as are issued in exchange for property covered by mortgages insured under section 203 or section 207 prior to the date of enactment of the National Housing Act Amendments of 1938 shall be subject only to such Federal, State, and local taxes as the mortgages in exchange for which they are issued would be subject to in the hands of the holder of the debentures and shall be a liability of the Fund, but such debentures shall be fully and unconditionally guaranteed as to principal and interest by the United States; but any mortgagee entitled to receive any such debentures may elect to receive in lieu thereof a cash adjustment and debentures issued as hereinafter provided and bearing the current rate of interest. Such debentures as are issued in exchange for property covered by mortgages insured after the date of enactment of the National Housing Act Amendments of 1938 shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority; and such debentures shall be paid out of the Fund, or the Housing Fund, as the case may be, which shall be primarily liable therefor, and they shall be fully and unconditionally guaranteed as to principal and interest by the United States, and such guaranty shall be expressed on the face of the debentures. In the event that the Fund or the Housing Fund fails to pay upon demand, when due, the principal or interest on any debentures issued under this section, the Secretary of the Treasury shall pay to the holders the amount thereof which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures.

"(e) The certificate of claim issued by the Administrator to any mortgagee shall be for an amount which the Administrator determines to be sufficient, when added to the face value of the debentures issued and the cash adjustment paid to the mortgagee, to equal the amount which the mortgagee would have received if, at the time of the conveyance to the Administrator of the property covered by the mortgage, the mortgagor had redeemed the property and paid in full all obligations under the mortgage and a reasonable amount for necessary expenses incurred by the mortgagee in connection with the foreclosure proceedings, or the acquisition of the mortgaged property otherwise, and the conveyance thereof to the Administrator. Each such certificate of claim shall provide that there shall accrue to the holder of such certificate with respect to the face amount of such certificate, an increment at the rate of 3 per centum per annum which shall not be compounded. The amount to which the holder of any such certificate shall be entitled shall be determined as provided in subsection (f).

"(f) If the net amount realized from any property conveyed to the Administrator under this section and the claims assigned therewith, after deducting all expenses incurred by the Administrator in handling, dealing with, and disposing of such property and in collecting such claims, exceeds the face value of the debentures issued and the cash paid in exchange for such property plus all interest paid on such debentures, such excess shall be divided as follows:

"(1) If such excess is greater than the total amount payable under the certificate of claim issued in connection with such property, the Administrator shall pay to the holder of such certificate the full amount so payable, and any excess remaining thereafter shall be paid to the mortgagor of such property; and

"(2) If such excess is equal to or less than the total amount payable under such certificate of claim, the Administrator shall pay to the holder of such certificate the full amount of such excess.

"(g) Notwithstanding any other provision of law relating to the acquisition, handling, or disposal of real property by the United States, the Administrator shall have power to deal with, complete, rent, renovate, modernize, insure, or sell for cash or credit, in his discretion, any properties conveyed to him in exchange for debentures and certificates of claim as provided in this section; and notwithstanding any other provision of law, the Administrator shall also have power to pursue to final collection, by way of compromise or otherwise, all claims against mortgagors assigned by mortgagees to the Administrator as provided in this section: *Provided*, That section 3709 of the Revised Statutes shall not be construed to apply to any contract for hazard insurance, or to any purchase or contract for services or supplies on account of such property if the amount thereof does not exceed \$1,000.

"(h) No mortgagee or mortgagor shall have, and no certificate of claim shall be construed to give to any mortgagee or mortgagor, any right or interest in any property conveyed to the Administrator or in any claim assigned to him; nor shall the Administrator

owe any duty to any mortgagee or mortgagor with respect to the handling or disposal of any such property or the collection of any such claim.

#### "CLASSIFICATION OF MORTGAGES AND REINSURANCE FUND

"Sec. 205. (a) Mortgages accepted for insurance under section 203 shall be classified into groups in accordance with sound actuarial practice and risk characteristics. Premium charges, adjusted premium charges, and appraisal and other fees received on account of the insurance of any such mortgage, the receipts derived from the property covered by the mortgage and claims assigned to the Administrator in connection therewith and all earnings on the assets of the group account shall be credited to the account of the group to which the mortgage is assigned. The principal of and interest paid and to be paid on debentures issued in exchange for property conveyed to the Administrator under section 204 in connection with mortgages insured under section 203, payments made or to be made to the mortgagee and the mortgagor as provided in section 204, and expenses incurred in the handling of the property covered by the mortgage and in the collection of claims assigned to the Administrator in connection therewith, shall be charged to the account of the group to which such mortgage is assigned.

"(b) The Administrator shall also provide, in addition to the several group accounts, a general reinsurance account, the credit in which shall be available to cover charges against such group accounts where the amounts credited to such accounts are insufficient to cover such charges. General expenses of operation of the Federal Housing Administration under this title with respect to mortgages insured under section 203 may be allocated in the discretion of the Administrator among the several group accounts or charged to the general reinsurance account, and the amount allocated to the Fund under section 202 shall be credited to the general reinsurance account; except that any expenses incurred with respect to mortgages described in section 203 (b) (2) (B) shall be charged to the general reinsurance account.

"(c) The Administrator shall terminate the insurance as to any group of mortgages (1) when he shall determine that the amounts to be distributed as hereinafter set forth to each mortgagee under an outstanding mortgage assigned to such group are sufficient to pay off the unpaid principal of each such mortgage, or (2) when all the outstanding mortgages in any group have been paid. Upon such termination the Administrator shall charge to the group account the estimated losses arising from transactions relating to that group, shall transfer to the general reinsurance account an amount equal to 10 per centum of the total premium charges theretofore credited to such group account, and shall distribute to the mortgagees for the benefit and account of the mortgagors of the mortgages assigned to such group the balance remaining in such group account. Any such distribution to mortgagees shall be made equitably and in accordance with sound actuarial and accounting practice.

"(d) No mortgagor or mortgagee of any mortgage insured under section 203 shall have any vested right in a credit balance in any such account, or be subject to any liability arising out of the mutuality of the Fund, and the determination of the Administrator as to the amount to be paid by him to any mortgagee or mortgagor shall be final and conclusive.

"(e) In the event that any mortgagee under a mortgage insured under this title forecloses on the mortgaged property but does not convey such property to the Administrator in accordance with section 204, and the Administrator is given written notice thereof, or in the event that the mortgagor pays the obligation under the mortgage in full prior to the maturity thereof, and the mortgagee pays any adjusted premium charge required under the provisions of section 203 (c), and the Administrator is given written notice by the mortgagee of the payment of such obligation, the obligation to pay any subsequent premium charge for insurance shall cease, and all rights of the mortgagee and the mortgagor under section 204 shall terminate as of the date of such notice. Upon such termination the mortgagor under a mortgage insured under section 203 shall be entitled to receive a share of the credit balance of the group account to which the mortgage has been assigned in such amount as the Administrator shall determine to be equitable and not inconsistent with the solvency of the group account and of the Fund.

#### "INVESTMENT OF FUNDS

"Sec. 206. Moneys in the Fund not needed for the current operations of the Federal Housing Administration shall be deposited with the Treasurer of the United States to the credit of the Fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Administrator may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of section 204. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued, and the several group accounts to which such debentures have been charged shall be charged with the amounts used in making such purchases.

#### "RENTAL HOUSING INSURANCE

"Sec. 207. (a) As used in this section—

"(1) The term 'mortgage' means a first mortgage on real estate in fee simple, or on the interest of either the lessor or lessee thereof

(A) under a lease for not less than ninety-nine years which is renewable or (B) under a lease having a period of not less than fifty years to run from the date the mortgage was executed, upon which there is located or upon which there is to be constructed a building or buildings designed principally for residential use; and the term "first mortgage" means such classes of first liens as are commonly given to secure advances (including but not being limited to advances during construction) on, or the unpaid purchase price of, real estate under the laws of the State, district, or Territory in which the real estate is located, together with the credit instrument or instruments, if any, secured thereby, and may be in the form of trust mortgages or mortgage indentures or deeds of trust securing notes, bonds, or other credit instruments.

"(2) The term "mortgagee" means the original lender under a mortgage, and its successors and assigns, and includes the holders of credit instruments issued under a trust mortgage or deed of trust pursuant to which such holders act by and through a trustee therein named.

"(3) The term "mortgagor" means the original borrower under a mortgage and its successors and assigns.

"(4) The term "maturity date" means the date on which the mortgage indebtedness would be extinguished if paid in accordance with the periodic payments provided for in the mortgage.

"(5) The term "slum or blighted area" means any area where dwellings predominate which, by reason of dilapidation, overcrowding, faulty arrangement or design, lack of ventilation, light or sanitation facilities, or any combination of these factors, are detrimental to safety, health, or morals.

"(6) The term "rental housing" means housing, the occupancy of which is permitted by the owner thereof in consideration of the payment of agreed charges, whether or not, by the terms of the agreement, such payment over a period of time will entitle the occupant to the ownership of the premises.

"(b) In addition to mortgages insured under section 203, the Administrator is authorized to insure mortgages as defined in this section (including advances on such mortgages during construction) which cover property held by—

"(1) Federal or State instrumentalities, municipal corporate instrumentalities of one or more States, or limited dividend corporations formed under and restricted by Federal or State housing laws as to rents, charges, capital structure, rate of return, or methods of operation; or

"(2) Private corporations, associations, cooperative societies which are legal agents of owner-occupants, or trusts formed or created for the purpose of rehabilitating slum or blighted areas, or providing housing for rent or sale, and which possess powers necessary therefor and incidental thereto, and which, until the termination of all obligations of the Administrator under such insurance, are regulated or restricted by the Administrator as to rents or sales, charges, capital structure, rate of return, and methods of operation to such extent and in such manner as to provide reasonable rentals to tenants and a reasonable return on the investment. The Administrator may make such contracts with, and acquire for not to exceed \$100 such stock or interest in, any such corporation, association, cooperative society, or trust as he may deem necessary to render effective such restriction or regulation. Such stock or interest shall be paid for out of such Housing Fund, and shall be redeemed by the corporation, association, cooperative society, or trust at par upon the termination of all obligations of the Administrator under the insurance.

"(c) To be eligible for insurance under this section a mortgage on any property or project shall involve a principal obligation in an amount not to exceed \$5,000,000 and not to exceed 80 per centum of the amount which the Administrator estimates will be the value of the property or project when the proposed improvements are completed, and such part thereof as may be attributable to dwelling use shall not exceed \$1,350 per room, and the mortgage shall provide for complete amortization by periodic payments within such term as the Administrator shall prescribe, and shall bear interest (exclusive of premium charges for insurance) at not to exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time. The Administrator may consent to the release of a part or parts of the mortgaged property from the lien of the mortgage upon such terms and conditions as he may prescribe and the mortgage may provide for such release. No mortgage shall be accepted for insurance under this section or section 210 unless the Administrator finds that the property or project, with respect to which the mortgage is executed, is economically sound.

"(d) The Administrator shall collect a premium charge for the insurance of mortgages under this section and section 210 which shall be payable annually in advance by the mortgagee, either in cash or in debentures issued by the Administrator under this title at par plus accrued interest. In addition to the premium charge herein provided for, the Administrator is authorized to charge and collect such amounts as he may deem reasonable for the appraisal of a property or project offered for insurance and for the inspection of such property or project during construction: *Provided*, That such charges for appraisal and inspection shall not aggregate more than one-half of 1 per centum of the original face amount of the mortgage.

"(e) In the event that the principal obligation of any mortgage accepted for insurance under this section is paid in full prior to the maturity date, the Administrator is authorized in his discretion to require the payment by the mortgagee of an adjusted premium charge in such amount as the Administrator determines to be equitable, but not in excess of the aggregate amount of the

premium charges that the mortgagee would otherwise have been required to pay if the mortgage had continued to be insured until such maturity date.

"(f) There is hereby created a Housing Insurance Fund (herein referred to as the "Housing Fund") which shall be used by the Administrator as a revolving fund for carrying out the provisions of this section and section 210, and the Administrator is hereby directed to transfer immediately to such Housing Fund the sum of \$1,000,000 from that part of the Fund now held by him arising from appraisal fees heretofore collected by him. General expenses of operations of the Federal Housing Administration under this section and section 210 may be charged to the Housing Fund.

"(g) The failure of the mortgagor to make any payment due under or provided to be paid by the terms of a mortgage insured under this section shall be considered a default under such mortgage and, if such default continues for a period of thirty days, the mortgagee shall be entitled to receive the benefits of the insurance as hereinafter provided, upon assignment, transfer, and delivery to the Administrator, within a period and in accordance with rules and regulations to be prescribed by the Administrator of (1) all rights and interests arising under the mortgage so in default; (2) all claims of the mortgagee against the mortgagor or others, arising out of the mortgage transaction; (3) all policies of title or other insurance or surety bonds or other guaranties and any and all claims thereunder; (4) any balance of the mortgage loan not advanced to the mortgagor; (5) any cash or property held by the mortgagee, or to which it is entitled, as deposits made for the account of the mortgagor and which have not been applied in reduction of the principal of the mortgage indebtedness; and (6) all records, documents, books, papers, and accounts relating to the mortgage transactions. Upon such assignment, transfer, and delivery the obligation of the mortgagee to pay the premium charges for mortgage insurance shall cease, and the Administrator shall, subject to the cash adjustment provided for in subsection (j), issue to the mortgagee a certificate of claim as provided in subsection (h), and debentures having a total face value equal to the original principal face amount of the mortgage plus such amount as the mortgagee may have paid for (A) taxes, special assessments, and water rates, which are liens prior to the mortgage; (B) insurance on the property; and (C) reasonable expenses for the completion and preservation of the property, less the sum of (1) that part of the amount of the principal obligation that has been repaid by the mortgagor, (ii) an amount equivalent to 2 per centum of the unpaid amount of such principal obligation, and (iii) any net income received by the mortgagee from the property: *Provided*, That the mortgagee, in the event of a default under the mortgage, may, at its option and in accordance with rules and regulations to be prescribed by the Administrator, proceed to foreclose on or otherwise acquire the property as provided in the case of a mortgage which is in default under section 210 and receive the benefits of the insurance as provided in this section.

"(h) The certificate of claim issued by the Administrator to any mortgagee upon the assignment of the mortgage to the Administrator shall be for an amount which the Administrator determines to be sufficient, when added to the face value of the debentures issued and the cash adjustment paid to the mortgagee, to equal the amount which the mortgagee would have received if, on the date of the assignment, transfer and delivery to the Administrator provided for in subsection (g), the mortgagor had extinguished the mortgage indebtedness by payment in full of all obligations under the mortgage. Each such certificate of claim shall provide that there shall accrue to the holder of such certificate with respect to the face amount of such certificate, an increment at the rate of 3 per centum per annum which shall not be compounded. If the net amount realized from the mortgage, and all claims in connection therewith, so assigned, transferred, and delivered, and from the property covered by such mortgage and all claims in connection with such property, after deducting all expenses incurred by the Administrator in handling, dealing with, acquiring title to, and disposing of such mortgage and property and in collecting such claims, exceeds the face value of the debentures issued and the cash adjustment paid to the mortgagee plus all interests paid on such debentures, such excess shall be divided as follows:

"(1) If such excess is greater than the total amount payable under the certificate of claim issued in connection with such property, the Administrator shall pay to the holder of such certificate the full amount so payable, and any excess remaining thereafter shall be paid to the mortgagor of such property; and

"(2) If such excess is equal to or less than the total amount payable under such certificate of claim, the Administrator shall pay to the holder of such certificate the full amount of such excess.

"(i) Debentures issued under this section upon the assignment of an insured mortgage to the Administrator shall be executed in the name of the Housing Insurance Fund as obligor shall be signed by the Administrator, by either his written or engraved signature, and shall be negotiable. They shall bear interest at a rate determined by the Administrator, with the approval of the Secretary of the Treasury, at the time the mortgage was insured, but not to exceed 3 per centum per annum payable semiannually on the 1st day of January and the 1st day of July of each year, and shall mature three years after the 1st day of July following the maturity date of the mortgage in exchange for which the debentures were issued. Such debentures as are issued in exchange for mortgages insured after the date of enactment of the National Housing



Act Amendments of 1938 shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. They shall be paid out of the Housing Fund which shall be primarily liable therefor, and they shall be fully and unconditionally guaranteed as to principal and interest by the United States, and such guaranty shall be expressed on the face of the debentures. In the event the Housing Fund fails to pay upon demand, when due, the principal of or interest on any debentures so guaranteed, the Secretary of the Treasury shall pay to the holders the amount thereof which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon, to the extent of the amount so paid, the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures.

"(j) Debentures issued under this section shall be in such form and denominations in multiples of \$50, shall be subject to such terms and conditions, and shall include such provision for redemption, if any, as may be prescribed by the Administrator with the approval of the Secretary of the Treasury, and may be in coupon or registered form. Any difference between the amount of debentures to which the mortgagee is entitled under this section, and the aggregate face value of the debentures issued, not to exceed \$50, shall be adjusted by the payment of cash by the Administrator to the mortgagee from the Housing Fund.

"(k) The Administrator is hereby authorized either to (1) acquire possession of and title to any property, covered by a mortgage insured under this section and assigned to him, by voluntary conveyance in extinguishment of the mortgage indebtedness, or (2) institute proceedings for foreclosure on the property covered by any such insured mortgage and prosecute such proceedings to conclusion. The Administrator shall so acquire possession of and title to the property by voluntary conveyance or institute foreclosure proceedings as provided in this section within a period of one year from the date on which any such mortgage becomes in default under its terms or under the regulations prescribed by the Administrator: *Provided*, That the foregoing provisions shall not be construed in any manner to limit the power of the Administrator to foreclose on the mortgaged property after the expiration of such period, or the right of the mortgagor to reinstate the mortgage by the payment, prior to the expiration of such period, of all delinquencies thereunder. The Administrator at any sale under foreclosure may, in his discretion, for the protection of the Housing Fund, bid any sum up to but not in excess of the total unpaid indebtedness secured by the mortgage, plus taxes, insurance, foreclosure costs, fees, and other expenses, and may become the purchaser of the property at such sale. The Administrator is authorized to pay from the Housing Fund such sums as may be necessary to defray such taxes, insurance, costs, fees, and other expenses in connection with the acquisition or foreclosure of property under this section. Pending such acquisition by voluntary conveyance or by foreclosure, the Administrator is authorized, with respect to any mortgage assigned to him under the provisions of subsection (g), to exercise all the rights of a mortgagee under such mortgage, including the right to sell such mortgage, and to take such action and advance such sums as may be necessary to preserve or protect the lien of such mortgage.

"(l) Notwithstanding any other provisions of law relating to the acquisition, handling, or disposal of real and other property by the United States, the Administrator shall also have power, for the protection of the interests of the Housing Fund, to pay out of the Housing Fund all expenses or charges in connection with, and to deal with, complete, reconstruct, rent, renovate, modernize, insure, make contracts for the management of, or establish suitable agencies for the management of, or sell for cash or credit or lease in his discretion, any property acquired by him under this section; and notwithstanding any other provision of law, the Administrator shall also have power to pursue to final collection by way of compromise or otherwise all claims assigned and transferred to him in connection with the assignment, transfer, and delivery provided for in this section, and at any time, upon default, to foreclose on any property secured by any mortgage assigned and transferred to or held by him: *Provided*, That section 3709 of the Revised Statutes shall not be construed to apply to any contract for hazard insurance, or to any purchase or contract for services or supplies on account of such property if the amount thereof does not exceed \$1,000.

"(m) Premium charges, adjusted premium charges, and appraisal and other fees, received on account of the insurance of any mortgage insured under this section or section 210, the receipts derived from any such mortgage or claim assigned to the Administrator and from any property acquired by the Administrator, and all earnings on the assets of the Housing Fund, shall be credited to the Housing Fund. The principal of and interest paid and to be paid on debentures issued in exchange for any mortgage or property insured under this section or section 210, cash adjustments, and expenses incurred in the handling of such mortgages or property and in the foreclosure and collection of mortgages and claims assigned to the Administrator under this section or section 210, shall be charged to the Housing Fund.

"(n) In the event that a mortgage insured under this section becomes in default through failure of the mortgagor to make any payment due under or provided to be paid by the terms of the mortgage and such mortgage continues in default for a period of thirty days, but the mortgagee does not foreclose on or otherwise

acquire the property, or does not assign and transfer such mortgage and the credit instrument secured thereby to the Administrator, in accordance with subsection (g), and the Administrator is given written notice thereof, or in the event that the mortgagor pays the obligation under the mortgage in full prior to the maturity thereof, and the mortgagee pays any adjusted premium charge required under the provisions of subsection (e), and the Administrator is given written notice by the mortgagee of the payment of such obligation, the obligation to pay the annual premium charge for insurance shall cease, and all rights of the mortgagee and the mortgagor under this section shall terminate as of the date of such notice.

"(o) The Administrator, with the consent of the mortgagee and the mortgagor of a mortgage insured under this section prior to the date of enactment of the National Housing Act Amendments of 1938, shall be empowered to reissue such mortgage insurance in accordance with the provisions of this section as amended by such Act, and any such insurance not so reissued shall not be affected by the enactment of such Act.

"(p) Moneys in the Housing Fund not needed for current operations of this section and section 210 shall be deposited with the Treasurer of the United States to the credit of the Housing Fund or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Administrator may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of this section and section 204. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this subsection. Debentures so purchased shall be canceled and not reissued.

#### "TAXATION PROVISIONS

"Sec. 208. Nothing in this title shall be construed to exempt any real property acquired and held by the Administrator under this title from taxation by any State or political subdivision thereof, to the same extent, according to its value, as other real property is taxed.

#### "STATISTICAL AND ECONOMIC SURVEYS

"Sec. 209. The Administrator shall cause to be made such statistical surveys and legal and economic studies as he shall deem useful to guide the development of housing and the creation of a sound mortgage market in the United States, and shall publish from time to time the results of such surveys and studies. Expenses of such studies and surveys, and expenses of publication and distribution of the results of such studies and surveys, shall be charged as a general expense of the Fund and the Housing Fund in such proportion as the Administrator shall determine.

#### "ADDITIONAL HOUSING INSURANCE

"Sec. 210. (a) In addition to mortgages insured under sections 203 and 207 the Administrator is authorized to insure mortgages as defined in section 207 (a) (1), including advances on such mortgages during construction, covering property upon which there is located or upon which there is to be constructed one or more multifamily dwellings or a group of not less than ten single-family dwellings: *Provided*, That the property shall have been approved for mortgage insurance prior to the beginning of construction.

"(b) To be eligible for insurance under this section a mortgage shall—

"(1) Involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Administrator shall approve) in an amount in excess of \$16,000 but not in excess of \$200,000 and not in excess of 80 per centum of the amount which the Administrator estimates will be the value of the property when the proposed improvements are completed, and such part thereof as may be attributable to dwelling use shall not exceed \$1,150 per room.

"(2) Have a maturity satisfactory to the Administrator, but not to exceed twenty-one years and contain complete amortization provisions satisfactory to the Administrator.

"(3) Bear interest (exclusive of premium charges for insurance) at not to exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time.

"(4) Contain such terms, conditions, and provisions with respect to advances during construction, assurance of completion, recognition of equitable rights of contract purchasers in good standing, release of part of the mortgaged premises from the lien of the mortgage, insurance, repairs, alterations, payment of taxes, default and management reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, additional and secondary liens, and other matters as the Administrator may in his discretion prescribe.

#### "RULES AND REGULATIONS

"Sec. 211. The Administrator is authorized and directed to make such rules and regulations as may be necessary to carry out the provisions of this title.

"Sec. 4. Section 301 (a) of such Act is amended to read as follows:

"Sec. 301. (a) The Administrator is further authorized and empowered to provide for the establishment of national mortgage associations as hereinafter provided which shall be authorized, subject to rules and regulations to be prescribed by the Administrator—

"(1) To make real-estate loans which are accepted for insurance or insured under Title II of this Act: *Provided*, That no such association controlled or operated by the United States or any agency of

the United States shall make any real-estate loan which is accepted for insurance or insured under section 203 of this Act;

"(2) To purchase, service, or sell any mortgages, or partial interests therein, which are insured under Title II of this Act;

"(3) To purchase, service, or sell uninsured first mortgages and such other liens as are commonly given under the laws of the State, district, or Territory in which the real estate is located to secure advances upon real estate held in fee simple, or under a lease for not less than ninety-nine years which is renewable, or under a lease having a period of not less than fifty years to run from the date the mortgage was executed, together with the credit instruments, if any, secured thereby; but the amount of the principal obligation of any such uninsured mortgage shall not exceed 60 per centum of the appraised value of the property as of the date the mortgage is purchased by the association; and

"(4) To borrow money for any of the foregoing purposes through the issuance of notes, bonds, debentures, or other such obligations as hereinafter provided."

"Sec. 5. Section 301 (d) of such Act is amended to read as follows:

"(d) No association shall transact any business except such as is incidental to its organization until it has been authorized to do so by the Administrator. Each such association shall have a capital stock of a par value of not less than \$2,000,000, and no authorization to commence business shall be granted by the Administrator to any such association until he is satisfied that such capital stock has been subscribed for at not less than par and that at least 25 per centum thereof has been paid in cash, or in Government securities at their par value, or in first mortgages or such other first liens as are described in section 301 (a) hereof, which mortgages or liens shall be taken at such value as the Administrator may determine, not exceeding (except as to mortgages insured under title II of this Act) 60 per centum of the appraised value of the property as of the date of subscription, and that the remainder of the subscription to such capital stock is payable in the same manner and at such time as may be determined by the Administrator: *Provided*, That no association shall issue notes, bonds, debentures, or other such obligations until such time as such subscriptions are paid in full in cash or Government securities at their par value or in mortgages or other liens as hereinbefore set forth."

"Sec. 6. Section 302 of such Act is amended to read as follows:

"Sec. 302. Each national mortgage association is authorized to issue and have outstanding at any time notes, bonds, debentures, or other such obligations in an aggregate amount not to exceed (1) twenty times the amount of its paid-up capital and surplus, and in no event to exceed (2) the current unpaid principal of mortgages held by it and insured under the provisions of title II of this Act, plus the amount of its cash on hand and on deposit and the amortized value of its investments in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. No national mortgage association shall borrow money otherwise than through the issuance of such notes, bonds, debentures, or other obligations, except with the approval of the Administrator and under such rules and regulations as he shall prescribe. An association may, if its bylaws so provide, accept any notes, bonds, debentures, or other obligations issued by it in payment of obligations due it at par plus accrued interest: *Provided*, That such notes, bonds, debentures, or other obligations so accepted shall be canceled and not reissued."

"Sec. 7. Section 303 of such Act is amended to read as follows:

"Sec. 303. Moneys of any national mortgage association not invested in first mortgages or other liens as provided in section 301, or in operating facilities approved by the Administrator, shall be kept in cash on hand or on deposit, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States, except that each such association shall keep and maintain such reserves as the Administrator shall by rules and regulations prescribe, and may purchase in the open market notes, bonds, debentures, or other such obligations issued under section 302."

"Sec. 8. Section 307 of such Act is amended to read as follows:

"Sec. 307. All notes, bonds, debentures, or other obligations issued by any national mortgage association shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. Every national mortgage association, including its franchise, capital, reserves, surplus, mortgage loans, income, and stock, shall be exempt from taxation now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. Nothing herein shall be construed to exempt the real property of such association from taxation by any State, county, municipality, or local taxing authority to the same extent according to its value as other real property is taxed."

"Sec. 9. Section 512 (a) of such Act is amended to read as follows:

"Sec. 512. (a) Whoever, for the purpose of obtaining any loan or advance of credit from any person, partnership, association, or corporation with the intent that such loan or advance of credit shall be offered to or accepted by the Federal Housing Administration for insurance, or for the purpose of obtaining any extension or renewal of any loan, advance of credit, or mortgage insured

by the said Administration, or the acceptance, release, or substitution of any security on such a loan, advance of credit, or for the purpose of influencing in any way the action of the said Administration under this Act, makes, passes, utters, or publishes, or causes to be made, passed, uttered, or published any statement, knowing the same to be false, or alters, forges, or counterfeits, or causes or procures to be altered, forged, or counterfeited, any instrument, paper, or document, or utters, publishes, or passes as true, or causes to be uttered, published, or passed as true, any instrument, paper, or document, knowing it to have been altered, forged, or counterfeited, or willfully overvalues any security, asset, or income, shall be punished by a fine of not more than \$3,000 or by imprisonment for not more than two years, or both."

"Sec. 10. Section 512 of such Act is further amended by adding at the end thereof the following new subsections:

"(d) No individual, association, partnership, or corporation shall hereafter, while the Federal Housing Administration exists, use the words "Federal Housing" or "National Housing", or any combination or variation of any of these words, alone or with other words, as the name, under which he or it shall do business, which shall have the effect of leading the public to believe that any such individual, association, partnership, or corporation has any connection with, or authorization from, the Federal Housing Administration, the Government of the United States, or any instrumentality thereof, where such connection or authorization does not, in fact, exist. No individual, association, partnership, or corporation shall falsely advertise, or otherwise represent falsely by any device whatsoever, that any project or business in which he or it is engaged, or product which he or it manufactures, deals in, or sells, has been in any way endorsed, authorized, or approved by the Federal Housing Administration, or by the Government of the United States, or by any instrumentality thereof. Every violation of this subsection shall be punished by a fine not exceeding \$1,000 or by imprisonment not exceeding one year, or both.

"(e) Whoever, for the purpose of inducing the insurance of the accounts of any institution by the Federal Savings and Loan Insurance Corporation or for the purpose of obtaining any extension, or renewal of such insurance by said Corporation or for the purpose of influencing in any way the action of the said Corporation under this Act, makes, passes, utters, or publishes, or causes to be made, passed, uttered, or published, any statement, knowing the same to be false, or utters, forges, or counterfeits, or causes or procures to be uttered, forged, or counterfeited, any instrument, paper, or document, or utters, publishes, or passes as true, or causes to be uttered, published, or passed as true, any instrument, paper, or document, knowing it to have been uttered, forged, or counterfeited, or willfully overvalues any security, asset, or income, of any institution insured or applying for insurance by said Corporation, shall be punished by a fine of not more than \$5,000, or by imprisonment for not more than two years, or both.

"(f) Any person who willfully and knowingly makes, circulates, or transmits to another or others any statement, or rumor written, printed or by word of mouth, which is untrue in fact and is directly or by inference derogatory to the financial condition or affects the solvency or financial standing of the Federal Savings and Loan Insurance Corporation, or who knowingly counsels, aids, procures, or induces another to start, transmit, or circulate any such statement or rumor, is guilty of a misdemeanor punishable by a fine of not more than \$1,000 or by imprisonment of not exceeding one year, or both."

"Sec. 11. Title V of such Act is further amended by adding after section 513 thereof the following new section:

"Sec. 514. The provisions of section 10 (a) 1 and 10b of the Federal Home Loan Bank Act, as amended (49 Stats. 294, 295); paragraph seventh of section 5136 of the Revised Statutes, as amended (49 Stats. 709); section 24 of the Federal Reserve Act, as amended (49 Stats. 706); subsection (n) of section 77B of the Bankruptcy Act, as amended (49 Stats. 664); section 5 (c) of the Act approved January 31, 1935, continuing and extending the functions of the Reconstruction Finance Corporation (49 Stats. 1); and all other provisions of law establishing rights under mortgages insured in accordance with the provisions of the National Housing Act, shall be held to apply to such Act, as amended."

"Sec. 12. (a) Section 35 of chapter III of the Act entitled 'An Act to regulate the business of life insurance in the District of Columbia', approved June 19, 1934 (48 Stat. 1152), is amended by inserting between paragraph (3) and paragraph (4) of such section a new paragraph to read as follows:

"(3a) Bonds or notes secured by mortgages insured by the Federal Housing Administration: *Provided*, That the restrictions in paragraph (3) of this section in regard to the ratio of the loan to the value of the property shall not apply to such insured mortgages."

"(b) Paragraph (4) of section 35 of such Act is amended to read as follows:

"(4) Bonds or other evidences of indebtedness of the farm loan banks authorized under the Federal Farm Loan Act or Acts amendatory thereof or supplementary thereto, and bonds or other evidences of indebtedness of national mortgage associations."

"Sec. 13. The last sentence of paragraph 'Seventh' of section 5136 of the Revised Statutes, as amended, is further amended by inserting before the colon after the words 'guaranteed as to



principal and interest by the United States' a comma and the following: 'or obligations of national mortgage associations.'"

And the Senate agree to the same.

ROBERT F. WAGNER,  
ROBERT J. BULKLEY,  
ALBEN W. BARKLEY,  
HERBERT E. HITCHCOCK,  
FREDERICK STEIWER,  
J. G. TOWNSEND, JR.,

*Managers on the part of the Senate.*

HENRY B. STEAGALL,  
T. ALAN GOLDSBOROUGH,  
M. K. REILLY,  
HAMILTON FISH,

*Managers on the part of the House.*

The PRESIDENT pro tempore. The report will lie on the table.

Mr. LODGE. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. LODGE. Does that mean that the conference report is now before the Senate?

The PRESIDENT pro tempore. It does not.

Mr. LODGE. What action has to be taken in order to bring it before the Senate?

The PRESIDENT pro tempore. The House has acted, so the Chair understands, on the report of the House conferees. The report can come up on motion by the Senator from New York [Mr. WAGNER].

Mr. LODGE. The Senator from New York has not made such a motion, has he?

The PRESIDENT pro tempore. No. He has simply presented the conference report and asked that it lie on the table, ready to be brought up for action when he shall make such motion. The House has acted favorably on the report.

Mr. WAGNER. Will the Senator from Utah indulge me just a moment longer?

Mr. KING. I will do so if by doing it I do not lose the floor.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from New York? The Chair hears none.

Mr. WAGNER. Yesterday, knowing that the Senator from Massachusetts [Mr. LODGE] was interested in the report, I informed him that I proposed, as soon as I could secure the floor on Monday, to make the necessary motion to bring the report before the Senate for consideration. I thought that had satisfied the Senator, but I now again give him that assurance.

Mr. LODGE. I am perfectly satisfied.

Mr. WAGNER subsequently said: I ask unanimous consent that I may propound a parliamentary inquiry at this time. I do not know that I need unanimous consent for that purpose; but, to be doubly sure that the Senator from Utah shall not lose the floor, I ask such consent.

The PRESIDING OFFICER (Mr. ELLENDER in the chair). It is in order to propound a parliamentary inquiry at this time.

Mr. WAGNER. I propound this inquiry, not for my own information, because I know the answer, but because I have noticed in the press a statement that if the housing conference report were to be brought up and considered by the Senate, it would displace the pending business. So, in order to make the parliamentary status very clear to the members of the press, I desire to propound the inquiry whether calling up the conference report on the housing bill would displace the pending business, or whether it is not a fact that the moment we dispose of the housing conference report, automatically the consideration of the pending business is resumed.

The PRESIDING OFFICER. It will not displace the pending bill, because a conference report is a privileged matter, and, under rule XXVII, may be called up at any time. The relevant portion of the rule is as follows:

The presentation of reports of committees of conference shall always be in order, except when the Journal is being read or a

question of order or a motion to adjourn is pending, or while the Senate is dividing; and when received the question of proceeding to the consideration of the report, if raised, shall be immediately put, and shall be determined without debate.

Mr. WAGNER. Very well. I thank the Senator from Utah for permitting the interruption.

#### PREVENTION OF AND PUNISHMENT FOR LYNCHING

The Senate resumed the consideration of the bill (H. R. 1507) to assure to persons within the jurisdiction of every State the equal protection of the laws and to punish the crime of lynching.

Mr. KING. Mr. President, we have just listened to a message from the President of the United States dealing with national defense. The message, as I interpret it, calls for appropriations which in the aggregate will total several hundred million dollars, to be expended in increasing the Army and in constructing additional war vessels. However, this is not the only request for appropriations for military purposes which we will have to consider during this session of Congress. Already measures are pending before committees of the House calling for more than \$1,000,000,000 for the Army and the Navy, and that enormous sum will be appropriated before this session of Congress ends. It is evident that Congress this year will appropriate a larger sum for military purposes than was ever carried in any annual appropriation bill at any time except during the World War. I predict that before the adjournment of Congress appropriations will be authorized for the expenses of the Government for the next fiscal year amounting to more than \$8,000,000,000. Notwithstanding the heavy burden of taxation under which the American people now labor, the House of Representatives is now considering a new revenue measure which will add perhaps \$1,000,000,000 to the tax burdens of the people.

Appeals by citizens for tax relief will be ignored and, as I have just stated, heavier burdens will be laid upon them. The demands for economy receive but scant consideration, and executive departments and agencies submit budgets carrying stupendous sums which, in my opinion, may not be justified under existing conditions. As a matter of fact, the annual appropriations of the Federal Government have been increased perhaps more than a thousand percent over the national appropriations made under Mr. Wilson's administration, except during that period of the World War in which the United States was a participant.

The expenditures for the fiscal year ending June 30, 1937, were \$8,836,077,445, and the expenditures, for which appropriations are already made for the fiscal year ending June 30, 1938, will exceed \$9,356,174,982.92. As I have stated upon a number of occasions, the public debt will soon reach the colossal sum of \$39,000,000,000. The tax demands made upon the people not only are a severe drain upon the economic life of the country, but constitute serious obstacles to industrial and business revival. Notwithstanding the enormous tax demands made upon the people during the past few years, deficits have annually occurred until they total approximately \$20,000,000,000. There have been collected from the people during the past 6 years, 1931-37, ordinary receipts not including postal receipts, \$23,600,878,915, deficits of postal receipts 1931-37, \$287,599,169.28, but notwithstanding these enormous contributions to the Federal Government, there have been annual deficits, the total of which, 1931-37, is \$22,253,149,380. It is therefore obvious that the American people are confronted with heavy demands for taxes to meet current expenses, and the deficits which will annually be created, at least for some time, and to meet the past deficits which, as I have stated, total approximately \$23,000,000,000. Some financial writers state that approximately 30 percent of the entire income of the people of the United States is required to meet the annual expenses of Federal and State Governments and the political subdivisions of the States. This great debt is a mortgage—a deterrent to business revival and returning prosperity.

Mr. President, I did not take the floor for the purpose of discussing revenues, taxation, and expenditures, but the message of the President diverted me for the moment from the bill which has been before the Senate, and doubtless will be before Congress for a number of days more. I am constrained to remark that in view of the many important bills requiring action by this Congress, including appropriation bills, the passage of which is absolutely necessary, in order that the Government may continue to function, we cannot, in my opinion, find justification for devoting further time to the discussion of the so-called antilynching bill. It is a measure which has no place in this forum and certainly deserves no consideration at this time when measures of vital importance must be acted upon before Congress adjourns.

However, there seems to be a disposition upon the part of some Senators to compel the Senate to keep before it, to the exclusion of important measures, a bill which not only is unconstitutional but is an assault upon the authority of the States, and if enacted into law would affect the peace of the people of the United States.

Mr. President, important addresses have been delivered by distinguished Senators in opposition to the pending bill. They have demonstrated its invalidity from a constitutional standpoint and its unwarranted attack upon the people of a large section of our country. If the views expressed by these Senators were accepted, the measure before us would promptly be withdrawn in order that the Senate might address itself to measures and policies requiring consideration. However, some of the proponents of this measure apparently are determined to prolong the discussion, and some of us who are opposed to it will feel constrained to convince them of the error of their ways and of the folly of the course in which they are persisting.

Mr. President, later, perhaps next week, I shall address myself to some of the constitutional aspects of this proposed legislation, and before concluding my remarks today may briefly consider some of the legal objections to the same.

In my opinion the measure under consideration does not belong to this age and has no place in a legislative body which exists under and in virtue of a written Constitution such as that drafted by the fathers of this Republic. They were familiar with the rise and fall of nations and the evils resulting from concentrated power. They determined that the maintenance of individual rights was indispensable to liberty and to civilization. They provided a dual form of government and were careful to restrict the power granted to the Federal Government. They knew the causes which had led to the establishment of oppressive governments and were determined, as I have indicated, that the political system which they were establishing should, so far as humanly possible, be free from the evils which had brought so much woe and sorrow to the world. We recall Gibbons' statement that—

History is little more than a register of the crimes, follies, and misfortunes of mankind.

The fathers of the Republic, who recognized the imperfections of humanity and the dangers that would beset the Government which they labored to establish, determined, so far as possible, to guard against the evil forces which were pervasive and which had been so dominant in past ages. They were practical men, but at the same time they possessed prophetic powers and believed that the world was entering upon an age of reconstruction—a period in which there would be greater liberty and tolerance and spiritual forces for the guidance of humanity. But they did not lose sight of the fact that the greed for power would ever be present and that democratic institutions would be the subject of persistent assaults, and that the maintenance of individual liberty and the benefits of local self-government would call for courage and patriotism and an unyielding faith in the ultimate triumph of justice, truth, and righteousness. They did not believe that custom was the whole of morality or that morality, so-called, was coextensive

with religion. They believed in an overruling Providence and that governments were established for the protection of the weak against the strong, and to restrain the mad ambitions of selfish men. In other words, they sought liberty, the protection of life and person and property, and the development of social and spiritual conditions under which the highest forms of civilization might be attained.

When we consider the causes which led to the establishment of communities and governments in the New World, and the multitudinous problems with which the people were confronted, one is compelled to accept the view that only by the interposition of a divine power could those problems have been solved and this Republic established.

As civilization has advanced the demand for liberty and freedom has been intensified, and individuals and communities have been willing to make heavy sacrifices in order to secure the prize of liberty and to live under free institutions. It is needless to say that the highest form of government known to the world may be realized under the principles and policies resultant from a proper interpretation of the Constitution of the United States. Obviously no human institution is perfect; all the products of man's genius and wisdom suffer from many defects, but we know that as men reach higher moral and spiritual heights, there is wider freedom, more universal justice, and a growing understanding of the purposes of life.

These observations are a prelude to the observation that moral and spiritual progress does suffer interruptions and not infrequently defeats, and so we find civilization destroyed, liberal and progressive governments superseded by autocratic forms of government, and liberalism overwhelmed by oppressive autocracies.

There are truths which do not change with the years; there are moral principles and policies upon which liberty and justice rest that are adapted to every age and condition, which, if adhered to, result in uninterrupted progress. Unfortunately there is a persistent struggle between the forces that are supporting the cause of liberty and justice, and the elements which seek to prevent progress and to destroy the fruits of patriotic effort and of moral devotion.

In a new world and in a new age there was given birth to a political system which contained the principles of a political system conceived by the fathers of the Republic, adequate to meet all the exigencies of life and the political and social disturbances which occur. Sovereign Commonwealths were brought together and a federated Republic established. Grants of authority were voluntarily surrendered by the people and by States that were sovereign, but the line of demarcation between the Federal Government and the States was clearly drawn. The Federal Government was granted limited authority, and its field of operations defined and restricted.

Undoubtedly the system devised was unique, but it rested upon sound political philosophy and a proper conception of the relation of individuals to governments and the recognized fact that the individual is the source of authority, and that his liberty is indispensable to progress and sound collective action under which that liberty is protected; and so this federated Republic was formed. It is not too much to say that its example has influenced peoples in all parts of the world. It has grown in influence, prestige, and moral power until it stands on the glittering heights of the New World as an example to peoples who are seeking emancipation from conditions which deny liberty and moral and spiritual development.

With more than 150 years of progress, under a federated Republic, we are challenged to change the system under which such extraordinary victories have been won and such striking contributions to human liberty and progress have been realized.

The bill under consideration is an assault upon our federated system; it seeks to degrade the States, to deprive them of inherent rights and powers, and to superimpose upon



them a nationalistic authority, which, as I have indicated, strikes at the very foundation of this Republic. It is in harmony with the centralizing tendencies finding expression in many governments; it is a denial of the competency of the people to govern themselves; it rests upon the theory that authority and power are to be exercised by autocratic governments. The theory of democracy is challenged, the right of local self-government is denied, and the philosophy of the totalitarian state is asserted as the guide for this Republic. Efforts are made, of course, to conceal the sinister meaning of the bill, and the poisonous and dangerous forces which are embraced within its provisions. Assaults upon liberty are not always open, and individuals and communities have not infrequently been deprived of their rights and liberties by measures alleged to be harmless or in their interest, but which cloak dangerous and destructive elements.

If the Federal Government is empowered to deal with the question embraced within the bill under consideration, then the sovereign powers of States will not only be impaired, but a precedent will have been established which will result in further sabotage of State governments and further aggrandizement of the Federal Government.

As I have indicated, in many parts of the world the rights of individuals and local communities are being destroyed and the power and authority of governments immeasurably augmented. Individual liberty is being assailed and dictators are mounting to power upon the prostrate forms of individuals and local self-governments.

There are psychological forces that are not limited by sea or land. They reach beyond governments in which autocracy is dominant and affect people in far-distant lands. It cannot be denied that views hostile to our form of government—to the integrity, prestige, and honor of States—are finding exponents in various parts of the United States. There are forces at work which seek to undermine the States and strike down the pillars upon which local self-governments rest. Socialism finds its adherents and communistic elements strike at the very foundations of the Republic. Efforts are being made to change our form of government, to inaugurate policies at variance with the Constitution of the United States, and to create an omnipotent and all-powerful National Government.

As I have indicated, the bill before us finds its support in this destructive philosophy. It seeks to further weaken the States, and to batter down the walls which protect the rights of the States and preserve them against aggressions from the Federal Government. I am amazed, and indeed grieved, that Democrats should give their support to this bill or any measure that impairs the authority of the States. If the States shall be destroyed this Republic will be destroyed. Upon its ruins then would rise a socialistic state or an oppressive dictatorship.

Mr. President, the Democratic Party has many times reaffirmed its devotion to the principles of Jefferson and Jackson and declared that the maintenance of the States in all of their authority and power was indispensable to the perpetuity of this Republic. I fear that some Democrats are forgetting the solemn pledges of their party and are endeavoring to convert the Democratic Party into a different, if not an alien, organization. I fear that we have forgotten the solemn declarations of the party under what some call the "new system" or the "new philosophy," which, in my opinion, is inconsistent with the views of the founders of the party and at variance with the fundamental principles upon which this Republic rests. Bureaucracy undoubtedly is marching with powerful tread through the country, and dangerous forms of socialism are making their appearance.

Mr. President, I shall take the liberty of placing in the RECORD a number of planks from Democratic platforms. They are as follows:

In the Democratic convention of 1856 this declaration was made:

\* \* \* A high and sacred duty is devolved, with increased responsibility upon the Democratic Party of this country, as the party of the Union, to uphold and maintain the rights of every

State, and thereby the Union of the States, and to sustain and advance among us constitutional liberty, by continuing to resist all monopolies and exclusive legislation for the benefit of the few at the expense of the many.

In 1864 the Democratic convention adopted the following resolution:

*Resolved*, That the aim and object of the Democratic Party is to preserve the Federal Union and the rights of the States unimpaired, and they hereby declare that they consider that the administrative usurpation of extraordinary and dangerous powers not granted by the Constitution—the subversion of the civil by military law in States not in insurrection; \* \* \* the suppression of freedom of speech and of the press; the denial of the right of asylum; the open and avowed disregard of State rights; \* \* \* is calculated to prevent a restoration of the Union and the perpetuation of a government deriving its just powers from the consent of the governed.

In 1868 the Democratic Party reaffirmed its former declarations and declared:

That the President of the United States, Andrew Johnson, in exercising the power of his high office in resisting the aggressions of Congress upon the constitutional rights of the States and the people, is entitled to the gratitude of the whole American people, and in behalf of the Democratic Party we tender him our thanks for his patriotic efforts in that regard.

The Democratic platforms of 1872 and 1876 were concerned with the correction of evils existing in the Government and an examination and condemnation of Republican abuses during the preceding 11 years.

In the platform of 1876 the following plank was adopted:

*Resolved*, That this convention, representing the Democratic Party of the United States, do cordially endorse the action of the present House of Representatives in reducing and curtailing the expenses of the Federal Government, in cutting down salaries, extravagant appropriations, and in abolishing useless offices and places not required by the public necessities. \* \* \*

The Democratic platform of 1880 contained the following statement:

We pledge ourselves anew to the constitutional doctrines and traditions of the Democratic Party, as illustrated by the teachings and example of a long line of Democratic statesmen and patriots and embodied in the platform of the last national convention of the party.

Opposition to centralizationism and to that dangerous spirit of encroachment which tends to consolidate the powers of all the departments in one, and thus to create, whatever be the form of government, a real despotism.

In 1884 the Democratic convention declared that—

Fundamental principles of the democracy, approved by the united voice of the people, remain and will ever remain as the best and only security for the continuance of free government. The preservation of personal rights, the equality of all citizens before the law, the reserved rights of the States, and the supremacy of the Federal Government within the limits of the Constitution, will ever form the true basis of our liberties, and can never be surrendered without destroying that balance of rights and powers which enables a continent to be developed in peace, and social order to be maintained by means of local self-government.

It will be observed that the convention emphasized the importance of the preservation of personal rights, the equality of all citizens before the law and the reserved rights of the States. The platform also condemned sumptuary laws which vex the citizen and interfere with his individual liberty. It further declared—

We are opposed to propositions which, upon any pretext, would convert the general Government into a machine for collecting taxes, to be distributed among the States, or the citizens thereof.

The Democratic platform of 1892 reaffirmed allegiance to the principles of the party as formulated by Jefferson and exemplified by the long and illustrious line of his successors in Democratic leadership. It then declared—

We believe the public welfare demands that these principles be applied to the conduct of the Federal Government through the accession to power of the party that advocates them; and we solemnly declare that the need of a return to these fundamental principles of a free popular government, based on home rule and individual liberty, was never more urgent than now, when the tendency to centralize all power at the Federal capital has become a menace to the reserved rights of the States that strikes at the very roots of our Government, under the Constitution, as framed by the fathers of the Republic.

The Democratic platform adopted in 1896 reaffirmed the faith of the party as stated in former platforms and submitted a declaration in regard to bimetallism.

The Democratic platforms of 1900 and 1904 dealt principally with questions arising out of the Spanish-American War and the conflict in the Philippine Islands.

The platform in 1908 contained the following declaration:

Believing with Jefferson in "the support of the State governments in all their rights as the most competent administrations for our domestic concerns, and the surest bulwarks against antirepublican tendencies, and in the preservation of the General Government in its whole constitutional vigor as the sheet anchor of our peace at home and safety abroad," we are opposed to the centralization implied in the suggestion now frequently made that the powers of the General Government should be extended by judicial construction. There is no twilight zone between the Nation and the State in which exploiting interests can take refuge from both; \* \* \*

In 1912 the Democrats in convention declared:

Believing that the most efficient results under our system of government are to be attained by the full exercise by the States of their reserved sovereign powers, we denounce as usurpation the efforts of our opponents to deprive the States of any of the rights reserved to them and to enlarge and magnify by indirection the powers of the Federal Government.

The platform of 1916 was a general endorsement of former Democratic declarations, and the same may be said of the platform of 1920.

In 1924 the Democratic platform reaffirmed its adherence and devotion to the cardinal principles contained in the Constitution and the precepts upon which our Government is founded. It contained a plank which I had the honor to prepare and which was unanimously adopted by the platform committee and the convention. It reads:

We demand that the States of the Union shall be preserved in all their vigor and power. They constitute a bulwark against the centralizing and destructive tendencies of the Republican Party.

We condemn the efforts of the Republican administration to nationalize the functions and duties of the States.

We oppose the extension of bureaucracy, the creation of unnecessary bureaus and Federal agencies, and the multiplication of offices and officeholders.

We demand a revival of the spirit of local self-government essential to the preservation of the free institutions of our Republic.

In my opinion, the dark figure of politics stalks into the picture and seeks to command the forces that are pressing for the passage of this bill. And, from communications which I have received, I am led to believe that a Nation-wide propaganda is being carried on, whether purposely or otherwise, which has the effect of misleading the people concerning the purpose and effects of this bill. But I shall discuss that matter later in my remarks. I will only say at the present time that, in my opinion, the driving force of the bill is political, and I may add that any movement which seeks to degrade the States, to insult citizens of important sections of our country, to undermine our form of government, and strike down the authority and power of the States is not only unwarranted but reprehensible; and if that movement is inspired, directly or indirectly, by political considerations, it becomes all the more reprehensible and calls for severe condemnation.

In my opinion the real object and purpose of the bill is concealed by the name under which its advocacy is being urged. Many persons who abhor lynching are led, without considering the terms of the bill before us, and its implications and consequences, to give the measure their support; but if they knew why it was being urged, if they were aware of its assault upon constitutional government and its attack upon the rights of the States they would promptly denounce it. Obviously, all liberty-loving and law-abiding citizens oppose crime in any form, and lynching is a crime which calls for condemnation; but, as stated, many people accept the view that a measure such as the one before us is necessary for the elimination of the crime of lynching. Appeals for its passage are made by some of its proponents, that it is a humanitarian measure, and is free from any challenge as to its constitutionality. It is not revealed that measures similar to this have from time to time been urged in the interest of political factions or political parties, and that their enact-

ment would materially increase the votes of one or more sections or groups in a number of the Northern States. But investigations establish the fact that the bill before us is politically inspired to aid political groups or organizations in certain States and is aimed at Democratic States in the South. That its provisions cannot successfully be defended from a constitutional standpoint I have no doubt; that it attempts to strip the States of their inherent constitutional powers it seems to me is beyond controversy.

I cannot help but believe that there is something immoral about a scheme which attempts to pillory States and to fasten upon them a stigma of dishonor, and at the same time seeks to impair their integrity and sovereignty, and to bring their internal affairs and their police powers within the cognizance of the Federal Government. It certainly cannot be defended when appeals are made to the fears and prejudices of members of the colored race, and attempts are made to mobilize such fears behind a propaganda of distortion and misrepresentation. It is believed by many that the bill is not so much concerned in the elimination of crime as it is in promoting the interests of political groups or the schemes of political organizations. If the movement sincerely sought the elimination of crime, why does it contain the following provision:

*Provided, however, That "lynching" shall not be deemed to include violence occurring between members of groups of lawbreakers such as are commonly designated as gangsters or racketeers, nor violence occurring during the course of picketing or boycotting or any incident in connection with any "labor dispute" as that term is defined and used in the act of March 23, 1932 (47 Stat. 70). \* \* \**

Comments have been made by a number of Senators who have discussed this bill, with respect to the provision to which I have just referred, and they have drawn, and correctly drawn, the conclusion that this bill is not so much concerned in the elimination of crimes of murder and gangsterism which afflict so many of the Northern States and bring discredit upon them, as it is to further the ambitions of some political groups or factions in some political party.

I think it a most reprehensible thing to utilize a measure of this character to further the interests of the Democratic Party in New York, or Chicago, or any State. Any attempt to use a vehicle of this character to carry to success political groups or political parties ought to bring down upon those making the effort the condemnation of all patriotic citizens.

Mr. President, I have always been a friend of the colored race, whether here or elsewhere. I count among many of my friends persons belonging to the Negro race. I have spoken for them whenever and wherever opportunity afforded, and have sought to promote their welfare and happiness. When my own Government—improperly, as I believe—made war upon a Negro government, I denounced it and labored for years to compel the withdrawal of our military forces and the restoration of their government to the people of Haiti. I likewise denounced our occupation of Santo Domingo and the imposition upon it of American control—at one time almost unlimited—until finally, after we had condemned that course and demanded the withdrawal of our military forces from that country, the end which we sought was accomplished.

As a member of the Committee on the District of Columbia of the Senate for 20 years and of the House for 4 years, I have earnestly worked for the interests of the colored residents of the Capital of the Nation. I have urged that they be given positions and treated with every consideration. In connection with the public schools, I have insisted that colored children receive the same consideration accorded to white children. I have supported measures that would give colored children the same privileges given to the children of white parents in our public schools, and have insisted that colored teachers receive the advantages and compensation enjoyed by white teachers.

Mr. President, I have endorsed many colored men for important positions—as judges, marshals, and other positions in the District and elsewhere. I have tried to understand the problems involved where different races live under the same flag, and particularly in governments such as ours.



I sympathize with the South in the problem which it has had to meet, and I have learned to appreciate the fine spirit with which its people have addressed themselves to meet this problem and the heroism with which they lifted the bleeding and prostrate form of their States to the proud eminence which they now occupy. I am unwilling to join in any movement which seeks to degrade the South or to brand the Southern States and their people with dishonor.

I am unwilling, in order to please certain political elements, even in my own party, to support a measure which I regard as unconstitutional, which is pregnant with sinister implications, and which will constitute precedents for the further invasion of the rights of sovereign States. If this measure shall become a law and its validity be sustained, it is certain that the States will be robbed of additional powers.

As I have indicated, the bill seeks to confer additional power upon the Federal Government, to weaken the States, and to deprive them of their reserved rights.

It is a bill which seems to me to have been born in the atmosphere breathed by Ben Butler and Thaddeus Stevens. As I read it, I wonder whether there is such a thing as the transmigration of souls, and whether those cruel and ruthless political leaders who sought to chain the South and to rob its brave and heroic people of their rights and liberties as American citizens have again visited this terrestrial globe to animate, directly or indirectly, those who so relentlessly demand the passage of the pending bill.

Mr. President, I had hoped that the day of hate in this Republic was over; that sectional animosities had forever been exorcised from our hearts and minds; but the bill before us is a challenge to my hopes.

I have loved the South and its generous, chivalrous, and patriotic people. I have been grateful for the contributions which they have made toward the maintenance of democratic institutions and toward the progress and development of our country. The history of the South has been not only fascinating but inspiring. When I was old enough to read of the sacrifices and sufferings of the people of the South during and following the War between the States, my admiration for them grew into a feeling of deep affection. As I read of the efforts made during reconstruction days to break their spirit, to humiliate and degrade their souls and their bodies, to impose upon them hateful and wicked laws, my soul rose in revolt against those who had been engaged in such shameful and cruel efforts. Perhaps my political views were powerfully influenced when I read of the cruel and inhuman treatment to which the people of the South were subjected in reconstruction days. When I began to study politics, I turned to the great southern leaders of whom I had read and tried to understand the political philosophy and political ideals by which they were guided, and which had led them to give undying devotion to their political principles. I may state that my mother was born in the great State of Louisiana—a State of beauty and romance, of historic interest, and of important contributions to our political, civic, and industrial life. Upon my father's side, if I may be pardoned for a further personal reference, I count only Republicans and Federalists, some of whom, aided in laying the foundations of the Federalist Party.

But it seemed to me, in those early days of my study of political questions, that the philosophy and political views of Jefferson, Madison, Mason, Henry, Pinckney, Jackson, and other giant figures who gave honor and distinction to the South, were best suited to secure liberty and the establishment and maintenance of a genuinely democratic form of Government.

Mr. President, I should like to place in the RECORD the names of hundreds of great leaders and statesmen of the South and point to their achievements. However, I must content myself, though reluctantly, in naming but a few of those whose names and memories are held in grateful remembrance by all who love the South. I present the names of Washington, Jefferson, Madison, Monroe, Henry, Mason, Pinckney (Charles C.), Marshall, Jackson, Polk, Johnson

(Andrew), Davis, Lee, Macon, Benton, Iredell, Calhoun, Houston, Lamar (L. Q. C.), Clay.

In more recent years the South has had great men in public life, whose ability and influence were and still are recognized. Among them, and I can name only a few, were Wilson (Woodrow), Morgan, Gordon (John B.), Hampton, George (James Z.), Williams (John Sharp), Beck (James B.), White (Edward D.), Vance, Vest, Clark (Champ), Daniel (John W.), Underwood (Oscar), Coke, Mills, Watterson (Henry), Grady.

In this list I referred to one of the great men of the South, John C. Calhoun, whom South Carolinians—and, for that matter, all southerners—love. One of the admirable traits in the character of South Carolina is her loyalty to the honor, integrity, and memory of John C. Calhoun. She has understood when others have not understood. It is just that this should be, for Calhoun was a partisan of no cause but the cause of his country and the cause of South Carolina as he understood that cause. He was one of the most sincere and upright men that has graced the statesmanship of the country. There is none to deny his great and transcendent ability in this field. He maintained his opinions with a good faith which was transparent to all men, and with a consistency and singleness of devotion to the right, as he saw the right, which redeems his character from any charge of partisanship, and accords him a place with great political leaders in the purity of his patriotism. I am glad to speak these words of regard for his character and his memory.

It was the good people of South Carolina who made Calhoun great, or, rather, who willingly invested him with and maintained him in public authority, where he employed his great talents for the glory of his country and of his State.

John C. Calhoun was born in South Carolina. He received his collegiate education at Yale College, in Connecticut. Even as a youth, his mind was open to the whole field of knowledge, particularly law and politics, unaffected by either partisan or provincial influences. Calhoun was elected to Congress in 1810, when in his twenty-eighth year, at a time when our country was vacillating between an ignominious neutrality and war for the vindication of its maritime rights and national honor. His extraordinary talents were recognized at once by his colleagues in Congress, and he became acting chairman of the Committee on Foreign Relations of the House of Representatives. On June 3, 1812, he brought in the declaration of war against Great Britain. He was an ardent supporter in Congress of the war, and one of the main points which he urged was that the war would integrate our national character and vindicate America before all the world. This, indeed, was the important result of the War of 1812; and it was the great Carolinians, Calhoun in the forum and Jackson in the field, who were the leaders in this great victory of our country.

Throughout the administration of James Monroe, Calhoun was Secretary of War. During his tenure of this office he instituted many notable reforms and improvements in the Military Establishment. His reports evince a comprehension of the military problems of the country and a foresight for proper and adequate measures of defense which have not been equaled by any other man who has held the office of Secretary of War. Calhoun proposed that Congress, for the defense of the country, should construct a great military road which should connect Maine with Louisiana and permit the prompt movement of military stores and militia to all the great cities of the Atlantic seaboard. He clearly saw that such a military highway was necessary for the proper mobility of our forces on the eastern coast. He also proposed and advocated, as important and necessary to the defense of the coast, the construction of an inland waterway from Boston to Charleston.

On March 4, 1825, Calhoun became Vice President under John Quincy Adams. Four years later he was again elected Vice President, when Andrew Jackson was elected to the Presidency, and served from March 4, 1829, to July 16, 1832, when he resigned the Vice-Presidency and was, on December 12, elected to the United States Senate.

On March 4, 1844, Calhoun became Secretary of State in the Cabinet of John Tyler. During this time he successfully negotiated the treaty which brought in Texas as a State of the Union.

On November 26, 1845, he was again elected to the United States Senate and served in the Senate until the day of his death, March 31, 1850. In the hour of his demise he was proclaimed by his colleagues, among whom were Henry Clay and Daniel Webster, as a great American and a heroic figure in the history of his country. He was universally mourned by the people who knew him and felt that a great man had passed from the political forum, and that a leader of his people had gone the way of all the earth. John C. Calhoun was interred in Charleston. The reverence of the people of South Carolina, and the eulogies which were pronounced upon his memory in the cities of South Carolina, were tributes which revealed the great place Calhoun held in the hearts and esteem of his people.

Mr. President, the times demand a renaissance of the constitutional rights of the people and the States. And to renew our knowledge of these rights, we must consider the teachings and philosophy of Jefferson, Madison, Jackson, Calhoun, and many of the other great leaders and statesmen who wrought so mightily in the building and preservation of our federated Republic. The time has come when the Constitution must be kept by the people and by the able men from among the people who constitute the political competence of the country. It is not by a mere formal adherence to a Constitution that the Republic endures. Our only security is that the Federal and republican principles of the Constitution be fixed and perpetuated in the minds, the customs, and the morals of the people and in the politics of the country. It is only when men of high character are chosen from among and by the people that democracy may be justified. For there is no more virtue in the rule of majority of numbers than in the rule of majority of force, except that there be thereby a preponderance of wisdom instead of a preponderance of violence.

Calhoun was sincerely and intensely devoted to the Union, but he foresaw that the abolition agitation would cause a separation of the country, a thing which in his very soul he could not contemplate but with abhorrence. His last speech in the Senate on the 4th of March 1850 contains a clear prophecy of the events which were to come and which he deplored almost with all the anxiety and, we may say, the final agony of his great soul.

Abraham Lincoln, on the other hand, believed that the Union could not exist with slavery. He knew that the people of the country had already become separated and estranged on either side of the geographical line between the free and the slave States. Indeed, the great Protestant Churches of the North and the South—the Methodist Church, the Baptist Church, and the Presbyterian Church—had, even in Calhoun's day, become split asunder into northern and southern factions which persist, unfortunately, to this day. Lincoln said in all sincerity and with a good faith:

A house divided against itself cannot stand. I believe this Government cannot endure permanently half slave and half free. I do not expect the house to fall, but I do expect that it will cease to be divided.

The work of Calhoun and Lincoln has been finished. The passions which divided the country have been burned out in the agony of war, and the Union of Calhoun and Lincoln is to be perpetuated under the Constitution. We have built a great Lincoln Highway across the country to symbolize the union of the East and the West. Would it not be appropriate to build a Calhoun highway to symbolize the union of the North and the South and to bring to fruition the great project which was first proposed by John C. Calhoun in the House of Representatives on February 4, 1817?

The Missouri Compromise of 1820, based on the Mason and Dixon's line, was a compromise that could not endure. It was deeply deprecated by Jefferson, who expressed the most gloomy forebodings as to the consequences which would ulti-

mately flow from it. Jefferson knew in his soul that it was pregnant with the separation and war which were to come.

At this point it may be appropriate to state what was in the heart of Abraham Lincoln for the restoration of peace and the reestablishment of the Constitution as the supreme law of the land. Lincoln's terms of peace were announced from Washington, July 18, 1864, in these words:

\* \* \* To whom it may concern: Any proposition which embraces the restoration of peace, the integrity of the whole Union, and the abandonment of slavery, and which comes by and with an authority which can control the armies now at war against the United States, will be received and considered by the Executive Government of the United States and will be met by liberal terms upon other substantial and collateral points, and the bearer or bearers thereof shall have safe conduct both ways. (Signed) Abraham Lincoln. \* \* \*

Abraham Lincoln, moreover, did not believe in any interference by the Federal Government with the elective franchise in the States. He did not believe in the forcible enfranchisement of the colored people of the South. At the close of the war South Carolina accepted in all good faith the program and terms of peace which had been laid down by President Lincoln. The convention of South Carolina met at Columbia, September 13, 1865. This was a free convention of the people of South Carolina, met in their sovereign right to declare the law and the policy of the State. Its members numbered 50 planters out of a total membership of 62. Among these was Francis W. Pickens, who was Governor of South Carolina at the time the Ordinance of Secession was passed on December 20, 1860. D. L. Wardlaw, J. L. Orr, J. J. Brabham, John A. Inglis, Henry McIver, John B. Richardson, and R. G. M. Dunovant were also members of the convention of South Carolina of 1860 which passed the Ordinance of Secession. Andrew Johnson, President of the United States, had granted pardons to 20 of the members to remove any impediment to their participation in the convention. Among these were J. L. Warstair, Chancellor Carroll, ex-Governor Benham, Gen. M. C. Butler, Gen. Steven Elliott, and C. M. Furman. The leading members of the convention had taken part in the Confederate movement.

In his message to the convention Governor Perry spoke of African slavery as an institution of the State, cherished from her earliest history, patriarchal in character, under which the Negro had multiplied with a rapidity that proved he had been kindly cared for, but it was gone, never to be revived in the State. On the first day of the session John A. Inglis, who was chairman of the committee which had reported the Ordinance of Secession on the 20th of December 1860, introduced an ordinance to abolish slavery, which was passed. South Carolina was thus the twenty-ninth State of the Union and the first of the Confederate States, unconquered at Lee's surrender, to abolish slavery. Ex-Governor Pickens reported an ordinance to repeal the Ordinance of Secession which was carried almost unanimously. Having abolished slavery, and having repealed the Ordinance of Secession, the work of the convention was complete. The delegates, however, nominated James L. Orr, a member of the convention, who was Speaker of the Thirty-fifth Congress, and a member of the secession convention of 1860, as candidate for Governor of South Carolina. James L. Orr was elected and on the 29th of November was inaugurated as Governor of South Carolina. Thus South Carolina put her house in order and put herself into harmony with the new order of things in the country. As she had led the movement for separation, she was now the first to remove the cause of the separation and to stand ready in her place as a member of the Union under the old Constitution—the Constitution of Washington and Franklin and Madison. She had fulfilled the letter, and in complete good faith, the conditions laid down by Lincoln, and looked forward with courage to the new day which was opening.

The action of South Carolina taken on September 19, 1865, abolishing slavery within the State was followed by similar ordinances abolishing slavery in Alabama on September 22, and in North Carolina on October 7; in Georgia on October



22; in Texas on October 26; and in Florida on November 6. Slavery had been abolished in Mississippi in August 1865, and had been abolished in Arkansas, Virginia, Louisiana, and Tennessee in 1864. The point I desire to make is that slavery was abolished in all the States which had taken part in the Confederate Government, by separate action in each State, and that when Florida abolished slavery on November 6, 1865, slavery was legally extinct in all the Confederate States. The thirteenth amendment was not proclaimed until December 18, 1865, after the proceedings to which I have referred had been carried into execution. The thirteenth amendment was in fact a Federal ordinance extending to all the States the original provisions of the ordinance of 1787, drafted by Thomas Jefferson for the Government of the Federal territory northwest of the Ohio River, which provided that—

\* \* \* there shall be neither slavery nor voluntary servitude in said Territory otherwise than in the punishment of crimes whereof the parties shall have been duly convicted. \* \* \*

The last State of the number required to ratify was Georgia, which ratified on December 9, 1865. It thus appears that the thirteenth amendment, although it brought to a close the movement for the abolition of slavery, as a matter of fact did not operate to abolish slavery in a single State which had adhered to the Confederacy.

The thirteenth amendment was anomalous, in that for the first time the process of amending the Constitution was employed to enact prohibitory legislation binding the States and the people upon a subject not within the legislative powers granted by Congress, and which did not commit new subjects of legislation to Congress. Moreover, as already noted, the thirteenth amendment was of no virtue for the abrogation of slavery in the South, because prior to the adoption of the amendment slavery had been abolished in all the Confederate States by separate State action, precisely as it had been abolished in the free States in the North by separate State action.

The thirteenth amendment became the precedent for the eighteenth amendment, which by Federal ordinance abolished the liberty of the people to use alcoholic beverages within the United States. Thus, slavery and alcohol became unconstitutional and the final moral "regeneration of the people," it is said, had been legally completed.

As South Carolina was one of the first of the Southern States to ratify the thirteenth amendment, she was also one of the first to ratify the eighteenth amendment, being preceded only by Virginia, Kentucky, and North Dakota, in the order named.

Personally, I was not in favor of the eighteenth amendment. I regarded it as an unwarranted infraction of the powers, dignity, and independence of the States in a matter completely within their domestic police powers. If Federal action was necessary, I preferred the interdiction of interstate commerce in beverage liquors containing alcohol, which Congress could have enacted without the eighteenth amendment, and which would have left the States complete control over the question of intoxicating-beverage liquors within their borders.

In the adoption of the prohibition amendment the constitutional majority of States, by the process of constitutional amendment, enacted legislation upon the question of intoxicating liquors, and gave Congress supplementary power to enforce such legislation, when Congress had not been given power to legislate over the general question itself. It is a piece of manifest and obvious folly that the State legislatures and Congress itself should, by this means, have been divested of all police and legislative powers over such an article of industry, production, and commerce as alcohol. It is doubtful whether any other government would have placed such inhibitions upon its legislative and parliamentary powers.

In the days of Calhoun there was no interference with the residuary political powers of the States by extra-constitutional legislation on the part of Congress which is at all

comparable to the deprivation of the States of their police control of the food and beverages of the people within their borders. Acts of Congress have not infringed upon the States so much as upon the rights of the people. It may be said to the credit of the Supreme Court that it has generally hewn a clear line between the powers of Congress and the powers of the States.

Another attack upon the integrity of the State governments was the proposal and ratification of the fifteenth amendment, which undertook to forbid the States to refuse to invest their colored male citizens with the elective franchise. The article is pregnant with an admission that it is alone within the power of the State to create the office of elector. This amendment contains the anomalous proposition that the States shall not deny to their colored inhabitants the exercise of an office which it is alone within their power and volition to grant. Although the amendment uses the words "right to vote," there is in fact no such thing as the right of suffrage in the sense of its being a personal right. The right to vote is the exercise of the office of elector, an office of the State government, created and defined by the fundamental law of the State, and to be exercised only by those persons who are invested with the office by the State law. In other words, the office does not exist except as related to the several State governments, and no State has any power or right to create or define the office except for itself, and cannot, therefore, with any propriety concern itself as to what persons shall exercise the office in any other Commonwealth. It is, therefore, erroneous and improper to speak of the fifteenth amendment as extending to the colored people the right to vote.

The fifteenth amendment was on the thirtieth day of March 1870 proclaimed by the Secretary of State to have been ratified, but the ratification rested upon the acts of usurped reconstruction governments in North Carolina, Louisiana, South Carolina, Arkansas, Florida, Virginia, Alabama, Mississippi, and Georgia, all of which were declared to have ratified the fifteenth amendment in 1869 and 1870. At that time there were 37 States in the Union, and the concurrence of 28 States was necessary to ratify. Excluding the 10 States above enumerated, where ratification was exacted from usurped governments, and therefore in any fair view of the case illegal and void, the ratification rests upon the votes of but 20 States, including New York, which repealed her act of ratification on January 5, 1870.

Yet, as I indicated a moment ago, before the proclamation was issued all of the Confederate States had, by State action, repealed their laws which were discriminatory against the colored race.

In the year of our Lord 1920 the fifteenth amendment was made the precedent for the nineteenth amendment, to extend "the right of suffrage to women." The women of South Carolina who became voters should have and hold the elective office by the same high tenure by which the men of South Carolina hold the elective office; that is, by virtue of the grant and act of the government of South Carolina. The fifteenth amendment cannot be enforced by the Federal courts. The fifteenth amendment can be enforced only by Congress, and that by an enforcement act which shall effectually take over, by a Federal commission, the entire election machinery of the States, and practically abrogate and destroy the integrity of the State governments. What persons shall exercise the elective office in South Carolina is a matter which it is properly and inherently within the power and right of the State of South Carolina to prescribe, and it is a right which should never be surrendered. I doubt that Congress could, in any circumstances, be induced to interfere with the exercise of this inherent and inalienable right of the State.

The great repository of personal rights and liberties is the common law, or the law of the land, to which the Federal Government has no legislative relation. The liberty, contracts, and property of colored citizens must of course be subject to precisely the same law and processes that apply to the rights of white citizens.

I say again that the demand of the times is for a re-examination and a renaissance of the political philosophy of Calhoun. There is nothing in all of our political literature that surpasses the *Disquisition on Government* and the *Discourse on the Constitution and Government of the United States*, by Calhoun. These two great works were posthumously published. Their composition was commenced in 1843 and was completed only at the time of his demise. In these great works Calhoun formulates the fundamental and essential principles for the constitution of every free political society. His explanation of the real character of the Constitution and Government of the United States, and the governments of the States, as one composite whole, is not surpassed by any commentator upon the Constitution. The foundation of the whole system is laid with the sovereignty of the people, existing independently within the several States. The people of the several States ordained their several State constitutions, and the people of the several States, acting concurrently, ordained and established the Constitution of the United States, investing the General Government with certain designated powers, to be exercised as the joint instrument of the several States for the conduct of their international affairs and the administration of their common internal political concerns; that is, the concerns that are common to the States in their internal relations.

John C. Calhoun believed in the separate and independent sovereignty of the people within the several States, by virtue of which they erect their own constitutions of government and limit the Government of the United States to such powers as they concurrently confer in the terms of the Federal Constitution. One government is general and the State governments are separate, independent, and particular.

The views of Calhoun on these questions are epitomized in these excerpts from the *Discourse on the Constitution*, which I ask may be placed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KING (reading):

Ours is a system of government compounded of separate governments of the several States composing the Union and of one common government of all its members, called the Government of the United States \* \* \*. The entire powers of government are divided between the two, those of the more general character being specifically delegated to the United States, and all others not delegated being reserved to the several States in their separate character. Each within its appropriate sphere possesses all of the attributes and performs all the functions of government. Neither is perfect without the other. The two combined form one entire and perfect government \* \* \*. The Government of the United States is formed by the Constitution of the United States, and ours is a democratic Federal Republic. It is democratic in contradistinction to aristocracy and monarchy. \* \* \* It is federal as well as democratic. Federal on the one hand, in contradistinction to national, and, on the other, to a confederacy. \* \* \* It is federal because it is the government of the States, united in a political union, in contradistinction to a government of individuals socially united; that is, by what is usually called a social compact. To express it more concisely it is federal and not national because it is the government of a community of States and not the government of a single State or nation (*Discourse 1*).

In them severally—or, to express it more precisely, in the people composing them, regarded as independent and sovereign communities—the ultimate power of the whole system resided and from them the whole system emanated. Their first act was to ordain and establish their respective constitutions and governments—each by itself and for itself—without concert or agreement with the other; and their next, after the failure of the Confederacy, was to ordain and establish the Constitution and Government of the United States in the same way in every respect, as has been shown, except that it was done by concert and agreement with each other (*discourse 273*).

According to the fundamental principles of our system, sovereignty resides in the people and not in the Government; and if in them, it must be in them, as the people of the several States, for, politically speaking, there is no other known to the system. It not only resides in them but resides in its plenitude, unexhausted, and unimpaired \* \* \* (*discourse 274*).

Without it (sec. 2 of art. 6) the Constitution and the laws made in pursuance of it, and the treaties made under its authority, would have been the supreme law of the land, as fully and perfectly as they are now; and the judges in every State would have been bound thereby, anything in the constitution or laws of the State to the contrary notwithstanding. Their supremacy results from the nature of the relation between the Federal Government and those of the

several States and their respective constitutions and laws. Where two or more States form a common constitution and government the authority of these, within the limits of the delegated powers, must, of necessity, be supreme in reference to their respective separate constitutions and government. Without this there would be neither a common constitution and government, nor even a confederacy. The whole would be, in fact, a mere nullity (*discourse 252*).

John C. Calhoun believed that the Constitution of the United States, the acts of Congress in conformity therewith, and the treaties with foreign powers were the supreme law of the land, binding alike upon the States and the people, and that every magistrate, of both the State governments and the General Government, was bound to give controlling effect to the Federal Constitution and laws, and if acts of Congress were repugnant to the Constitution, then the repugnant laws were void and of no effect. On these great questions of constitutional law John C. Calhoun was as orthodox as John Marshall. Calhoun was not one of those who believed that Marshall went outside of the Constitution when he announced the doctrine that the Federal courts had the power and the duty to declare that Federal laws which were repugnant to and inconsistent with the Federal Constitution were null and of no effect.

Calhoun did believe with all the fervor of his soul that the Constitution of the United States created a truly Federal Government. He believed, moreover, that the General Government and the State governments were together, comprehended within one true, harmonious, and balanced Federal system. He was opposed, on the one hand, to detracting from the powers of Congress so as to weaken the integrity of the General Government, and he was opposed, on the other hand, to those nationalistic tendencies which would convert the General Government, created by the Constitution, from a Government of the United States into a great consolidated nation, to be ruled by the democratic nationalistic majority.

Calhoun believed in the principle of concurring majorities as applied to the operation of the Government. He believed that the policy of the commonwealths and communities of the country should be reflected in Federal affairs, and that nonconcurring minorities ought to have a check against impolitic and undesirable legislation. He believed in federalism and republicanism as the primary political principles of our system. He did not believe in that nationalism and democracy which to him typified that national mass or majority rule which would inevitably end in the consolidation of all the political powers of the country in the General Government, thus converting it from a federal government into a nationalistic democratic or socialistic government. He believed that the only way to preserve the rights and liberties of the people was to vitalize and maintain the integrity of government in the communities and commonwealths of the country.

It may be said that this conception is the underlying political philosophy of John C. Calhoun. For the preservation of true federal and republican principles, he was ready to sacrifice all other political expedients and arrangements.

There is in these times no need of any "new nationalism" or of any "new democracy." Nationalism and democracy are great centripetal, sentimental forces, ever and constantly working in the country and in the minds of the people. They need no artificial stimulation. They must be tempered and modulated. We want a sound federalism and a rational, patriotic, and temperate democracy, which in its political application will support and maintain the federal and republican principles incorporated in our constitutions of government.

Republicanism denotes the functions of government as incorporated in free States, democracy signifies majority rule. We have always had majority rule in this country. The plain fact is that majority rule, or democracy, as it is called, is responsible equally for the mistakes we have made, as for the success we have achieved. The soundest republicanism and federalism comprehends that the proper powers of the State republics and of Congress shall all be exerted for the welfare of the people and the wealth of the country.



It is believed by many that we have had too much democratic-socialistic-nationalistic politics in this country, and that what is needed is a clear definition and conception of true Federal and republican principles to be the guide of our politics—the federalism which recognizes that the Constitution of the United States creates a federal government as distinguished from a national government, at least in its internal structure, and that republicanism which recognizes that the affairs of the state are *res publicae*, or public affairs, as distinguished from the private or personal affairs of any king, potentate, or oligarchy; that the prime duty of the state is to protect the liberty and promote the welfare of the people; and that the only practical application of the theory of democracy or majority rule is the republican principle of representative government, the functionaries of which, chosen by the voice of the people, shall be the wisest, most prudent, capable, and patriotic men of the country. For the plain fact is that the people in the mass can no more run the States than the passengers on a ship can run the ship. They may only elect the public officials and commit to them the public business.

Life, liberty, and the pursuit of happiness do not consist in majority rule, but they may be enjoyed under wise and just laws promulgated by a majority of the electorate. We want to be free; we want to govern ourselves and that which is ours under the law. That is all there is of liberty. We do not want to be governed by a democracy which overrules and ignores our personal rights. The civil liberty which is the heritage of our country had its origin in the customs of the Anglo-Saxons; it is incorporated in the common law; it did not originate in the decisions of popular majorities, either in Parliament or in plebiscites. There is no greater tyranny than the alternating ascendancy of one faction over another in the conduct of government, especially when extended over the continent.

It is the preservation and vindication of the individual rights of the people, as they are denoted by the word "liberty," which is the primary object and proper care of constitutional government. It were, indeed, better to be ruled by the true principles of men who have passed on than by the arbitrary will of the majority of living men. We have in the test of experience a dependable means of knowing the soundness of that which was said by those who have gone before, which we cannot always apply to prove the words which are presently spoken.

A danger from a system of majority rule is the tendency it develops for parties to seize political power by the promise of special and selfish legislation desired by small but vociferous and often irresponsible groups which frequently have the balance of power in the elections. The bane of American politics is the passing of laws to please factions rather than to promote and secure the liberties, prosperity, and welfare of all of the people together. This principle of practical politics has been thus stated:

You proceed at present upon the principle or rule that a mere majority of the electoral community shall possess the whole mass of political power; and what are the inevitable results? First, that the community is divided into parties, and into parties not very unequal in their aggregate numbers. What next? That the balance of power between parties is held by a very small number of voters; and, in practical action, what is the fact? That the struggle is constantly for the balance of power, and in order to obtain it all the arts and all the evil influences of election are called into action. It is this struggle for that balance of power that breeds most of the evils of our system of popular elections.

Those who do not have the stamina to maintain their own deliberate and well-considered opinions in the face of ill-advised and captious notions of popular currency ought not to exercise legislative authority.

Democracy itself has no right to repeal the Ten Commandments, to amend the multiplication tables, or to deprive any man of the freedom of speech, religious liberty, the integrity of his person, of the liberty of contract, or the use of and dominion over that which he peaceably and lawfully possesses, or to deny him legal process for the compulsory rendition of the duties or debts which belong to him, or for

the recovery of compensation for damages he has suffered by the trespasses of other persons. These rights and the processes for their vindication constitute the immutable law of the land, unalterable by majorities of either legislatures or people.

These personal rights, indeed, are distinct from the administration of the public affairs. Administrative government has principally to do with the levy of revenue and the apportionment of the same for public purposes, the preservation of the public peace, and the promotion of the common health and welfare. These public affairs are properly the concern of responsible representatives of the community chosen by electors from among the people to exercise the executive authority. The sound principle is that those citizens who contribute to the revenues and support the Government should participate in the Government. Democracy itself may only be properly exercised within these limitations.

There is no difference in principle between the proposition that "might makes right" and the proposition that "majority makes right." One must yield to the rule of the majority only from the consideration that the majority may impose its will by its superior force. It is more convenient and conservative of life to count polls than to battle, and the rule of the majority, therefore, has been made the rule of decision in civil governments. From the nature of things it must be the rule that the decision of any question should be resolved by the will of more than one person, but the rule rests upon the principle that the majority has the power to impose its will. Surely liberty is a thing which, to exist, must be independent of the rule of majority as it must be independent of the rule of force. The security of liberty rests in the Constitution and laws, and not in the will of majorities or by the sufferance of unrestrained, autocratic, democratic, or mobocratic power.

The premonitions of Calhoun as to the evil consequences of unrestrained nationalism and democracy acting by the rule of majority, through great national parties to concentrate all political powers of the country in Congress, are being realized; and it is believed by many that the States are too supine and indifferent to their rights and the rights of individuals. It is contended by some persons that the great national parties, whose primary purpose is the periodical capture of the Presidency and the control of the States, are engulfing the States and counties, municipalities, communities, towns, and even school districts, in the maelstrom of their operations and are making all questions of local policy and administration, subordinate to the exigencies of so-called national politics. The result is that some persons question the view that the Government comes up from the peoples in the communities and Commonwealths of the country; and they assert that the Government in all of its ramifications, general and local, is handed down from dominating national parties through various political leaders.

It is high time that the Commonwealths and communities of the country should reassert their importance as the primary political units in the Government. An important desideratum is to reinvest the legislatures with their old dignity and importance in the government of their respective States and republics—the dignity which they had when legislatures exercised greater authority in the affairs of the respective States than they do at present.

The sectional partisanship of the older day was of evil tendency, but the professional partisanship of our present nationalistic politics is of yet more evil tendency and consequence. Modern partisanship does not always yield to considerations of patriotism. Its ears are often deaf to the appeals of state and country and the common welfare. Its evils may only be thwarted by a reintegration and vitalization of government in the commonwealths and communities of the country. It is only by and through the community and the commonwealth, and the Congress of the country, as separate agencies, that democracy or majority rule may be safely and prudently exercised.

The true conception is that the General Government of the United States and the independent governments of the

separate States are comprehended within one Federal system. As the States are within the United States, so the governments of the States, or the policies of the States and of the people of the States, should reflect themselves in the Congress of the United States, thus making the policy of Congress the true concurrent and composite policy of the States. The concurrent majority of the States should thus control the policy and acts of Congress, and in this process there should be an effective check and veto on unconstitutional and impolitic legislation.

There is a fallacy abroad in the land that political progress consists in arbitrary, cumulative, and ever-recurring changes in the law of the land. It is to accomplish these changes that political groups seek the power of legislation. The true principles of liberty incorporated in the common law are no more capable of radical alteration than are the rules of mathematics, the laws of physics, or the principles of architecture. An important reform would be the repeal of useless, incongruous, and impolitic laws which even now, like a thicket of excrement and parasitic growths, obscure and encumber the great and important principles of law and policy and thereby render them more difficult of definition, comprehension, and application. As the horticulturist in season prunes his orchards and vineyards and clears away incongruous and vicious growths, so our body of laws should be periodically examined and brought into proper relation to the fundamental principles. This is the one way to promote the symmetry of the system, define the relation of its parts, and cause a frequent recurrence to true constitutional principles.

I believe the present Congress can render important service to the country by the repeal of many laws and the enactment of a simple and definite code which could be understood and interpreted by all the people even though they lacked legal training. Many laws that encumber the statute books, oppress labor and business and constitute obstacles to progress and the enjoyment of liberty, should be greatly modified or repealed. However, scores if not hundreds of new laws will be passed before the adjournment of Congress, some of which will impose higher taxes upon the people, and they and other measures will interpose obstacles to economic recovery and genuine progress and the enjoyment of political freedom.

Calhoun's views as to the unconstitutionality of the acts of Congress were addressed quite as much to the point of the impolicy and unequal operation of the laws as to the question of their repugnance to the Constitution, and Jefferson's position was somewhat similar. His argument against the United States Bank was that it was invalid because the bank was unnecessary. His argument proceeded rather upon the point of policy, and was therefore addressed to the discretion of Congress rather than to the point of constitutional law as it would be raised in the Supreme Court of the United States.

Congress obviously must judge and formulate what measures are proper and necessary to execute the primary powers conferred upon it. Congress is the judge of the ancillary powers required for the execution of the primary powers. Acts of Congress cannot be nullified even by the courts on the ground that they are improper or unnecessary, unless they actually transcend the scope of the primary power. The tariff acts were not among the residuary powers, but were within the powers conferred upon Congress, and hence were not an encroachment upon the rights of South Carolina, such as would have made them null before a legal tribunal.

The Constitution of the United States, as clearly defined by Calhoun in the earlier part of his discourse, is a great Federal ordinance, not by the State governments, but by the people of the several States acting in their independent sovereign capacity. The Constitution created a general government, investing it with certain specified powers and authority. The Constitution does not, strictly speaking, delegate powers. It rather prescribes powers and functions. It invests Congress with certain powers, not by delegation from the States, but by the joint organic act of the people of the

several States, who created the Government of the United States under the Constitution to exercise specified powers and functions.

The powers of Congress were derived from the people of the several States, and not from the governments of the several States. Powers reserved to the States do not denote powers reserved to the State governments, but denote the whole body of residuary powers not conferred upon or invested in Congress by the Constitution, and, therefore, remaining with the people of the several States in their independent and several capacities to be exercised by their own separate organs of government. Powers reserved but not delegated by the people of the State governments or to the general government are merely in esse, and have no actual operation in the Government.

The Constitution, moreover, was not a league between the State governments, but the ordinance and act of the people of the separate States in their sovereign capacity. This is the true view of the legal character of the Constitution, and no one has given it a clearer formulation than has Calhoun.

Calhoun was further of the opinion that the spoils system, whereby the President assumed power to discharge the employees and officials of the Federal Government, and make new appointments from among his friends and adherents, had been made an engine for the development of great national parties whose primary object was the quadrennial capture of the Executive power, all of which made the Presidency a great political stake to be won or lost in the elections, subordinating all consideration of rights and interests of the people and of the States. Calhoun was outspoken against the assumption by the national parties of the prerogative of nominating the President, and of the virtual emasculation of the electoral college, which this practice had accomplished, thereby giving a great sectional majority control of the executive department of the Government.

The fourteenth amendment was submitted to the States by joint resolution of Congress on the 16th day of June 1866. At that time there were 37 States in the Union of which the ratification of 28 were required to make the proposed amendment effective as a part of the Constitution.

Rejection of the amendment by 10 States was sufficient to defeat ratification. The amendment was expressly rejected by Texas on October 13, 1866; by Georgia on November 9, 1866; by Florida on December 3, 1866; by Alabama on December 7, 1866; by North Carolina on December 13, 1866; by Arkansas on December 17, 1866; by South Carolina, on December 20, 1866; by Kentucky on January 8, 1867; by Virginia on January 9, 1867; by Mississippi on January 25, 1867; by Louisiana on February 5, 1867; by Delaware on February 7, 1867; by Maryland on March 23, 1867; by Ohio on January 15, 1868; by New Jersey on March 15, 1868. By April 3, 1868, every State in the Union had acted upon the question of ratification of the amendment. The States which had ratified were 22 and the States which had rejected the amendment were 15, as set out above. The question submitted by Congress had by that date been fully acted upon by all the States, and the amendment by every rule of law and procedure was definitely rejected.

Notwithstanding the premises, the Secretary of State, on July 28, 1868, declared that the amendment had been ratified. The Secretary based his proclamation upon the alleged ratifications of New Jersey, Oregon, and Ohio, all of which repealed and rescinded their acts of ratification before the amendment was promulgated, making 16 States which expressly rejected the amendment, and upon the alleged ratifications of North Carolina, South Carolina, Georgia, Arkansas, Florida, Louisiana, Alabama, and Virginia, whose legislatures had formerly by free legislative acts, and with practical unanimity, rejected the amendment. Congress regarded these rejections as specific acts of disloyalty to the Union, and thereafter exacted ratification from reconstructed State governments of its own creation, which many asserted was a greater usurpation of the rights of these States of the



South than was the Confederacy a usurpation of the constitutional powers of Congress and the President in the States of the South.

Mr. President, we read of "the tragic era" and of the period of reconstruction, when the rights of the South were trampled upon, and when wretched carpetbaggers, usurping authority, and, with bayonets behind them, subjected the chivalrous and heroic people of the South to indignities which to this day fill us with hot anger.

The acts of the reconstruction legislators, in ratifying the fourteenth amendment, were, in the view of some, as null and void as were the acts of the Confederate Congress. It was contended by many that Congress had no more right to coerce South Carolina to ratify the amendment than it had to coerce Delaware to do so, and it, of course, had not constitutional power to coerce either. The repeals of the act of ratification by New Jersey, Oregon, and Ohio, it was claimed by some, were sufficient of themselves to invalidate the amendment.

It has been thought by some persons that there was no necessity for the proposal or the ratification of the fourteenth amendment, because it would add nothing of utility to the powers of Congress or to the Constitution of the United States. Certainly the definition of citizenship contained in section 1 of the amendment is the law, without being declared to be such by the amendment. Every free person born within the United States is, by the definitions of the common law and the Constitution, a natural-born citizen of the United States, and, since the abolition of slavery, this applies alike to native whites and colored. The Constitution, moreover, gave Congress specific power to establish a uniform law on naturalization, under which Congress has complete authority to provide for the admission to citizenship of any person not a natural-born citizen within the definitions of the Constitution. Every person who holds his citizenship by virtue of a general or a special act of Congress is a naturalized citizen, and every person of American nativity and allegiance is a natural-born citizen by virtue and force of the Constitution and the common law, without the intervention of the fourteenth amendment. This was made clear by Mr. Justice Gray, as I interpret his opinion, speaking for the Supreme Court of the United States, in the case of *Wong Kim Ark* (169 U. S. 649), wherein a citizen of Chinese blood born in California was held by the Court to be a natural-born citizen of the United States, without reference to the fourteenth amendment.

The provisions of section 2 of the amendment, with respect to the apportionment of Representatives among the several States according to their respective numbers, is but a repetition of the provisions of section 2, article I of the original Constitution, which provided for the enumeration of all free persons for this purpose. With the abolition of slavery this original provision applies to the free colored natives in all the States. The provision of section 2 of the amendment for the reduction of the number of Representatives apportioned to the States in which the colored male inhabitants are not invested with the elective office was made for the specific purpose of compelling the States of the South to include Negro males within the body of their electors.

The provision of section 3 of the amendment, which disqualified persons who had taken part in the Confederate government from being Senators and Representatives in Congress, electors of the President or Vice President, or from holding any office, civil or military, under the United States, or under any State is obsolete and is merely a memorial of the sectional malice of reconstruction politics and should be excised from the Constitution of the United States.

The provisions of section 4 of the amendment, with regard to the validity and public debt of the United States and the invalidity of the Confederate debt or of any claims for the emancipation of the slaves, which, as we have shown, was accomplished by State action and not by the thirteenth amendment, never had any reason for existence and remain merely a memorial of former dissensions which should now be forgotten.

The provisions of section 1 of the amendment, that no State shall make or enforce any law that shall abridge the privileges or immunities of citizens of the United States, is unnecessary, inasmuch as the original Constitution provided, in section 2 of article 4, that "The citizens of each State shall be entitled to all privileges and immunities of citizens in the several States."

The provisions of section 1 of the amendment, "Nor shall any State deprive any person of life, liberty, or property without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws," was a provision contained in the constitutions of the several States.

Moreover, the Federal Constitution provided in section 10, article I, "That no State shall pass any law \* \* \* impairing the obligation of contracts." This was an adequate prohibition against the enactment by any State of laws which arbitrarily interfere with the property of the people or with rights created by contract, whether such rights are vested or consist of executory covenants or promises. This was the construction placed upon this clause by John Marshall, Chief Justice of the Supreme Court of the United States, in the case of *Fletcher v. Peck* (6 Cr. 87) and in the case of *Dartmouth College v. Woodward* (4 Wheat. 518).

The reconstruction amendments were primarily made not to extend or amplify the powers of Congress conferred in the Constitution of the United States, but to shackle the State governments in the exercise of legitimate and proper political authority. Whatever the cause, we witness the picture of every person who has a grievance or some progressive political aberration appealing to Congress by prayers, petitions, and propaganda. It seems to have been forgotten that there are legislatures in the various Commonwealths of the country having a better knowledge than Congress could have of the situation within their jurisdictions requiring legislative correction, and the power and duty to formulate and grant relief, and redress of grievances, and rectify inequalities in the operation of the law, and abuses of the public authority.

Every abuse of legislative power in the States, and every failure of legislatures to use their political powers in an equal and fair manner, is not to be redressed by running to the Congress of the United States. The numerous persons who persist in this practice should be directed to a consideration of the words of Chief Justice John Marshall in *Providence Bank v. Billings* (4 Peters 52), wherein he said:

The power of legislation, and consequently, of taxation, operates on all persons and property belonging to the body politic. This is an original principle, which has its foundation in society itself. \* \* \* This vital power may be abused, but the Constitution of the United States was not intended to furnish the corrective for every abuse of power which may be committed by the State governments. The interest, wisdom, and justice of the representative body, and its relations with its constituents, furnish the only security, where there is no express contract, against unjust and excessive taxation, as well as against unwise legislation generally.

The Constitution of the United States was ordained by the people of the several States, to create a Government which should be the organ of the States of the Union with respect to their international and interstate relations and affairs. The Federal Government is a political corporation, properly exercising the independent political powers with which it is invested.

It has been contended that the Federal Government has no proper relation to the common law, or to the law of the land. The conception that the Constitution of the United States was designed directly to defend and vindicate liberties and rights, and that all political powers should be concentrated in Congress for that purpose, is the heresy of some who have sought to destroy the States and subvert the Union. Another heresy has developed, that the process of amending the Constitution may be used as a means of legislation over subjects not specifically delegated to Congress. It were well if we adhered to the letter and spirit of the Constitution of the United States to guide not only the States but the Republic.

It is vital that the States arouse themselves to the responsibilities resting upon them, to the end that they may and

shall exercise the undisputed power and authority which they have reserved to themselves.

A great Democrat from Florida who recently passed from our midst, the late Senator Fletcher, in an article written by him and which appeared in the *North American Review* a few years ago, said:

Chief Justice Marshall held "that immense mass of legislation, which embraces everything within the territory of a State not surrendered to the general Government; \* \* \* inspection laws, quarantine laws, health laws of every description, \* \* \* are component parts of the mass," and insisted they should not be encroached upon. And later he said, "The acknowledged power of a State to regulate its police, its domestic trade, and to govern its own citizens, \* \* \* the power of regulating their own purely internal affairs, whether of trading or police," must be conceded. He fully enunciated and sustained the principle of local self-government in local matters and the police powers of the States.

How different is the view of those who are clamoring for the enactment of this bill. They want the police powers of the States to be stripped from the States and transferred to the Federal Government, in violation of the Constitution. Their purpose is to make the States mere administrative units, subject to the control of the Federal Government whereas, under our theory of government, the States are the pillars of the Government, the States are independent in their respective spheres, and they cannot be deprived by congressional enactments of their police powers and of their sovereign and reserve powers.

The article to which I have adverted contains excerpts from an address delivered by Senator Fletcher in May 1924 on the floor of the Senate, which are as follows:

Mr. President, I wish above everything else that I might adequately respond to the call of this hour. I hope in this debate someone will measure up to the commanding responsibility which now confronts us. We are to preserve American institutions or abandon them as out of date and weak. Truth, justice, honor, never get old or need revision. We are to hold fast to the system of government laid in the blood and treasure of a free people, designed by the inspired vision and wisdom of the master builders, or discard that system for one which the experience of mankind has discredited. The century-old conflict between dominion founded upon power and a confederacy founded upon law has never met but one ending wherever waged.

We should remember that where governments rest upon power wrongfully wrested from the people or otherwise, their end can be envisaged; and this great Senator, with the experience of a lifetime, with his knowledge of the pages of history, warned against a policy under which virtually all political power would be centered in the Federal Government.

Continuing, Senator Fletcher said:

Between an autocracy or a dictatorship and democracy the gulf is wide and can never be successfully bridged. We hoped to develop true constitutional liberty here. We aspired to be a Nation that loves liberty—where every man is set free to do his best and be his best.

The danger the early statesmen apprehended now confronts us—the centralization of power in the National Government, the destruction of local self-government and the relinquishment of the sovereign powers of the State. Against that those farseeing patriots set their souls, and we have had no occasion to question their wisdom. They would be distressed beyond measure if they could look upon this vital thrust at the sacred system of their prayerful making. I would stay the hands that would strike that blow. It is supreme folly and inexcusable rashness to push down the pillars of the temple.

Mr. President, I regret that the patriotic and statesman-like utterances of Senator Fletcher have been and are being disregarded by many of our citizens. There are some Democrats who are supporting policies which undermine the States—policies which rest upon the assumption that the States are mere administrative agencies of the Federal Government and that the latter should control the economic, industrial, and political life of the American people.

Mr. President, when people lose liberty, it is usually because of lack of interest in their local affairs; because they sit silently by and witness the insidious growth of authority and power in the hands of groups or a limited number of individuals. Some people seem to believe that because we have a Republic founded by great men, we may sit idly and silently by, fearing no danger, recognizing no menace to our

security and to the perpetuity of our Constitution. That feeling of lassitude is a dangerous symptom in individuals and to constitutional and liberal government.

It is frequently said that the rights of the States are waning, and legal writers assert, as I have indicated, that the States will soon be mere administrative districts. If such a condition shall develop, then our form of government is at an end, and socialism, or a totalitarian form of government, will rise upon its ruins. Unfortunately, there has been a subsidence of that spirit of local self-government which is essential for the maintenance of democratic institutions and the rights and authority of the States. If the States shall lose their identity and their power, the fault will lie at the door of the people themselves. After all, the people make the States and determine whether the State governments shall be effective and shall exercise the authority which they possess. When there is a crevice in the wall protecting the States, it soon widens and continues to widen until the wall is shattered and the ramparts of State government are destroyed.

I submit that it is obvious that there is not sufficient interest on the part of the people in their own Government and in the functions, duties, and responsibilities resting upon them as citizens and upon the political subdivisions organized under or in virtue of State constitutions. There is an increasing demand, even by State officials, to obtain Federal aid, grants, and subsidies. They come on bended knee to implore the Federal Government to take over responsibilities resting upon the States.

Too often they display a willingness apparently to abdicate duties and to renounce the powers possessed by State officials and by the States themselves. Little by little these demands for Federal interposition lead to misinterpretations of the Constitution, and legislative authority is sought to augment the power of the Federal Government with respect to domestic affairs of the States; and judicial interpretations are demanded to validate legislative enactments which contravene the Constitution of the United States.

The commerce clause has become a destructive engine to attack the foundations of State authority and local sovereignty. Upon a former occasion I challenged attention to the demands for appropriations in behalf of activities clearly and, indeed, solely within the jurisdiction of the States. The welfare clause, it was asserted, was a specific grant of authority for the Federal Government to appropriate money for any purpose by which it might be claimed the public welfare was subserved. Under this wholly unwarranted and unsound interpretation, there would be no reason for enumerating powers granted the Federal Government. That view was forcibly demonstrated by Madison in an address delivered in the House of Representatives, and also upon various other occasions.

It is so obvious that if the welfare clause is a grant of authority to the Federal Government, its authority is almost omnipotent, and the provisions defining the specific powers would constitute a work of supererogation. The most insignificant matter—the most microscopic cause—could be made the basis of enormous appropriations by the Federal Government, to be followed by oppressive taxes, because it was asserted that it might, directly or indirectly, contribute to the public welfare. Of course, the words "public welfare" under this interpretation are so elastic that any appropriations might be justified for almost any conceivable enterprise or activity.

Madison, as I have indicated, in one of his articles in the *Federalist*, declared that the welfare clause was to be construed as limiting the grants of power to raise money; to limit the appropriations which were necessary to execute the enumerated powers.

As is well known, Madison vetoed the internal improvement bill, contending that it was unconstitutional; that it could not rest upon the general welfare clause; that if it were valid, then there would be no power to guard the boundaries between the legislative powers of the general and the State governments. And he added that if the general



welfare clause were construed as a grant of power, then the only question for consideration would be one of policy and expediency, which, as he declared, were "insusceptible of judicial cognizance and decision." The same view was entertained by Mr. Story, and expounded at length in his work on the Constitution.

I desire to emphasize that the fears of Madison have been realized. Under the latitudinarian, unsound, and indefensible interpretation placed by many upon the welfare clause, there is no protection to be afforded in the courts, and the people and their personal and property rights are left to the uncontrolled discretion of the legislative branch of the Government.

The vitality and vigor of the States are constantly being undermined by grants from the Federal Treasury, for almost every conceivable purpose. The States are successfully appealing for Federal grants in aid of activities and projects which are, as I have stated, exclusively within their jurisdiction.

There are many Americans who do not appreciate the insidious growth of socialism and the efforts to introduce the ideology of Marxian philosophy. Their feeling of security rests upon the assumption that this Republic will endure forever; that it is founded upon the principles of justice and liberty, and therefore cannot successfully be assailed by evil or destructive forces. One need only to examine the progress of this Republic, its achievements in every field of human endeavor, to bring the conviction that our Fathers established the best form of government of which the world bears record. Individual liberty is the primary purpose of democratic institutions, and, of course, as a recognition of such liberty, there must be a recognition of the right of private property. Our philosophy of government involves a concept of marriage and home which rests upon the basis of the right to acquire property and to enjoy its possession. Communism would destroy our form of government and the family and the moral and spiritual foundations upon which genuine civilization rests. Proper social conditions rest upon home and family, and communities in which individual initiative finds opportunity for development and the integration of communities into States and genuine autonomous governments.

Mr. Root, in an address to the Conference of the Governors of the States on May 13, 1908, stated:

\* \* \* The Nation cannot perform the functions of the State sovereignties. If it were to undertake to perform those functions it would break down.

Who can say that our Government may never break down? With taxes eating up nearly 30 percent of the gross income of the people; with appropriations eight or nine times as great as they were a few years ago; with deficits reaching nearly \$20,000,000,000 during the past 6 or 7 years, with demands for appropriations of more than \$10,000,000,000, who shall say, in view of these facts, and the inordinate demands which are being made by cities, counties, States, and individuals for Federal interposition in local affairs, that the Government is not confronted with a problem and with a situation which may tax its vitality and its strength?

I continue the quotation from Mr. Root:

The machinery would not be able to perform the duty. The pressure is already very heavy upon national machinery to do its present work. \* \* \*

Mr. Root, at the tenth annual dinner of the National Civic Federation, New York, November 23, 1909, among other things, said:

\* \* \* Are we to reform our constitutional system so as to put in Federal hands the control of all the business that passes over State lines? If we do, where is our local self-government? If we do, how is the Central Government at Washington going to be able to discharge the duties that will be imposed upon it? Already the administration, already the judicial power, already the legislative branches of our Government are driven to the limit of their power to deal intelligently with the subjects that are before them.

Indeed, I may add that they have transgressed their power in some respects, and may challenge a denial of their policies,

if the Supreme Court, as it will, acts in opposition to this reaching for power and not conferred by the Constitution of the United States.

I continue to quote:

This country is too great, its population too numerous, its interests too vast and complicated already, to say nothing of the enormous increase that we can see before us in the future, to be governed as to the great range of our daily affairs from one central power in Washington. After all, the ultimate object of all government is the home—the home where our people live and rear their children, with its individual independence, its freedom; and I am not willing, for the sake of facilitating transaction of any kind of business, to overturn limitations that have been set by the Constitution—wisely set—between the powers of the National and State Governments.

Great is our Nation. Let it exercise its constitutional powers to the fullest limit; but do not let us, in our anxiety for efficiency, cast away, break down, and reject those limits which save to us the control of our homes, of our own domestic affairs, and of our own local governments. For there, in the last analysis, under the protecting power of our great Nation, there must be formed the character of free, independent, liberty-loving citizens upon whom our Republic must depend for its perpetuity. \* \* \*

Mr. President, I cannot refrain from reading a few words from Jefferson. I know that some Democrats in these days of opportunism and disregard of fundamentals pay scant attention to the philosophy and teachings of Jefferson. We are on the high sea of a new nationalism—I sometimes think without a compass and without proper guides.

Jefferson wrote:

What has destroyed the liberty and the rights of man in every government which has ever existed under the sun? The generalizing and concentrating all cares and powers into one body, no matter whether of the autocrats of Russia or France, or the aristocrats of a Venetian senate.

It is not by the consolidation or concentration of powers, but by their distribution, that good government is effected. Were not this great country already divided into States, that division must be made, that each might do for itself what concerns itself directly, and what it can so much better do than a distant authority.

We forget the mandates, teachings, and prophecies of the founders of this Republic, of Jefferson and Jackson, and of those who envisioned a great nation resting upon the liberty of the people, upon local self-government. We forget the warnings of great statesmen against the evils which would befall the people if they surrendered their independence, their individual liberty, and permitted the concentration of all governmental authority in the Federal Government.

We have too many economists and Socialists and totalitarians in our country today who are willing to tear down the foundations of this Republic and to establish an alien government, which finds its replica perhaps in Germany, perhaps in Italy, perhaps in Russia. It seems to me that with the warnings of history, with the lessons now being taught in many lands of the evils and woes resulting from autocratic power, we should proceed with great caution and with a determination that the Government of the fathers which came to us as a result of their sacrifices shall be preserved not only for this generation but for generations to come.

I continue to quote from Jefferson:

Every State again is divided into counties, each to take care of what lies within its local bounds; each county again into townships or wards, to manage minuter details; and every ward into farms, to be governed each by its individual proprietor. \* \* \* It is by this partition of cares, descending in gradation from general to particular, that the mass of human affairs may be best managed, for the good and prosperity of all. (Autobiography, 113.)

Jefferson further said:

Our country is too large to have all its affairs directed by a single government. Public servants at such a distance, and from under the eye of their constituents, must, from the circumstances of distance, be unable to administer and overlook all the details necessary for the good government of the citizens; and the same circumstance, by rendering detection impossible to their constituents, will invite the public agents to corruption, plunder, and waste.

I see with the deepest affliction the rapid strides with which the Federal branch of our Government is advancing toward the usurpation of all the rights reserved to the States, and the consolidation in itself of all powers, foreign and domestic; and that, too, by constructions which, if legitimate, leave no limits to their power.

I wonder what Jefferson would say today if he could witness the mighty torrent of legislation—some of which, I believe, is violative of the Constitution—and the demands which are being made, and which are being granted, for Federal interposition in purely local affairs. Would he not say, in stronger terms than those I have read, that there is danger to the Republic and to the Government of the fathers in these consolidating tendencies which are manifesting themselves in our political institutions?

Jefferson refers in his statement to efforts to strip the States of their power. After referring to certain decisions of the Supreme Court and certain actions by the President and Congress, he said:

Under the power to regulate commerce, they assume indefinitely that also over agriculture and manufactures, and call it regulation to take the earnings of one of these branches of industry, and that, too, the most depressed, and put them into the pockets of the other, the most flourishing of all. Under the authority to establish post roads, they claim that of cutting down mountains for the construction of roads, of digging canals, and aided by a little sophistry on the words "general welfare," a right to do not only the acts to effect that which are specifically enumerated and permitted, but whatsoever they shall think or pretend will be for the general welfare. And what is our resource for the preservation of the Constitution? Reason and argument? You might as well reason and argue with the marble columns encircling them.

The representatives chosen by ourselves? They are joined in the combination, some from incorrect views of government, some from corrupt ones, sufficient voting together to outnumber the sound parts; and with majorities only of one, two, or three, bold enough to go forward in defiance. \* \* \* But, in the meanwhile, the States should be watchful to note every material usurpation on their rights; denounce them as they occur in the most pre-emptory terms; to protect against them as wrongs to which our present submission shall be considered, not as acknowledgments or precedents of right, but as a temporary yielding to the lesser evil, until their accumulation shall outweigh that of separation.

We overlook the fact that the founders of the Republic were profound students of history and governments. They knew the struggles through which peoples had passed to secure liberty, and of the causes which led to loss of liberty. They were acquainted with Locke and Milton and Sidney and Montesquieu and the Encyclopedists of France. They were familiar with the causes leading to the rise and fall of nations, and they determined to limit the power of the central government, and to build up in the new world a constitutional government in which individual and local self-governments were not only of primary consideration but were the basis of the entire political structure which they were to erect. As stated they were familiar with the thesis of Montesquieu and the dangers which would result if legislative and executive powers were united in the same person or in the same body of magistrates. As I have indicated, our fathers were familiar with the teachings of Locke, and the great liberal leaders of thought in Great Britain, and from them Otis, Samuel Adams, and Henry, and other great patriots who aided in establishing this Republic, derived inspiration to guide them in their great labors.

Sound political thinkers and writers upon our Constitution are concerned with the increasing authority of the Federal Government and its serious effect upon State and individual conduct. Prof. Andrew C. McLaughlin, in his work entitled "The Courts, the Constitution, and Parties," asks whether—

If the people of the State are on the whole derelict about duties that can be performed through local law, can we have assurance that the authorities at Washington will be superior to unwholesome influence and incompetence?

As I interpret his view, it is that there is a conscious disregard of law, in part due to the assertion of power by the Federal Government, which neutralizes the authority of the States and develops a growing indifference upon the part of the people to the constitution and laws of their respective States. The writer states that, if the National Government can assume powers not granted, we shall lose local authority in a considerable measure and surrender to that degree our conception of a Federal State, and thus, as I understand his position—

We shall consciously give up the idea of law-abiding State and enter once again upon a government of men and not law; we shall

revert, in other words, to the condition against which the fathers struggled and against which the forces of liberty were arrayed for centuries in English history. If the Federal Government can under pressure reach beyond its legal competence to do things for the State, there cannot in logic be an end; the very framework of government itself may be warped and broken under the pressure of opportunism and exigency. It is easy enough to argue that a President can go beyond his constitutional limits because he can act more expeditiously than a cumbersome Congress. Even now at least one able, influential, and thoughtful journal (I do not mention the hare-brained variety) is demanding "centralized democracy," which is a euphemism for consolidated government and centralized authority. But from the highest point of view can there be any greater danger than the conscious breach of confining law unless it arises from the hypocritical pretense of regard for law while one is consciously going beyond its limits? Have we reached that stage in our fretting against the bars of legal federalism? (pp. 287-289).

Mr. Zane, in his excellent work, the *Story of Law*, refers to the encroachments of the Federal Government and the bureaucratic organizations that are being developed within the National Government. He states that if the various governmental boards and agencies would be satisfied with ordinary voracity the situation of the people and of business would be less oppressive. But he adds that "through the resources of the Government Printing Office they are enabled to deluge the land with masses of documents highly laudatory of their activities and pointing out how further revenue can be obtained."

Those who are familiar with the bureaus and Federal agencies, and the millions of books, documents, pamphlets, statements, eulogies, of themselves and their activities, will not attempt to controvert this statement.

He calls attention to the fact that Congress and State legislatures seem perfectly willing to pass any sort of law that any Government board asks for. May I quote the following paragraph from the work to which I have just referred:

This constant flood of legislation is the worst feature of our polity. Laws that regulate minutely the affairs of the citizens are bad enough, but when they are constantly changing the evil is vastly multiplied. Plato may have had a fantastic idea when he said that children's games ought to be regulated so that they could not be changed, but his reason was this, that when these children were grown up they would not as citizens be constantly changing the laws. His idea was the direct result of the baleful legislative fecundity of Athens. Zaleucus, the lawgiver of the Epizephyrian Locrians, had the provision that the proposer of a law should appear before the assembly with a rope around his neck, and if the law failed of passage the proposer should be instantly hanged. At Athens if a law turned out badly any citizen could bring a criminal action against the proposer. But under our representative system of government the responsibility for a law cannot be enforced against anyone. If in this country proposers of bad laws were indictable the number of courts would need to be doubled (p. 405).

Mr. President, when measures are proposed in Congress an inquiry should be made as to whether they are violative of the Constitution—whether they interfere with the rights of the States or impinge upon the rights of individuals. The Democratic Party has been a defender of the Constitution—a protector of the States and of individual rights. The bill before us, as I have stated, is a challenge to our form of government; it is an assault upon the States; it is an attempt to degrade them and to deprive them of their police powers. In my opinion the bill before us is violative of the Constitution and seeks to impair the sovereign rights of the States. I need not mention the fact that the tenth amendment declares—

\* \* \* The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States, respectively, or to the people. \* \* \*

It must be admitted that there is no provision in the Constitution that delegates to the Federal Government the authority to take over the police powers of the States.

In the case of *New York v. Miln* (11 Pet. 102, 138), in referring to the authority of the Federal Government concerning the powers of the States, the Court declares—

\* \* \* We choose rather to plant ourselves on what we consider impregnable positions. They are these: That a State has the same undeniable and unlimited jurisdiction over all persons



and things, within its territorial limits, as any foreign nation; where that jurisdiction is not surrendered or restrained by the Constitution of the United States. That, by virtue of this, it is not only the right, but the bounden duty of a State, to advance the safety, happiness, and prosperity of its people, and to provide for its general welfare, by any and every act of legislation, which it may deem to be conducive to these ends; where the power over the particular subject, or the manner of its exercise is not surrendered or restrained, in the manner just stated. That all those powers which relate to merely municipal legislation, or what may, perhaps, more properly be called internal police, are not thus surrendered or restrained; and that, consequently, in relation to these, the authority of a State is complete, unqualified, and exclusive.

I refer to this case for the purpose of indicating that the police power is wholly within the jurisdiction of the State. It is to be noted that this decision antedated the adoption of the fourteenth amendment, but as I shall show, that amendment was not intended to, and did not rob the States of their police powers, or confer upon the Federal Government additional authority to deal with the domestic affairs of the States. The amendment did not transfer to the Federal Government the vast field of rights and immunities belonging to the citizens of the States, and over which prior to its adoption the control of the States was undisputed. That fact is clearly indicated by the Supreme Court of the United States in the famous *Slaughterhouse* cases.

The Senator from North Carolina [Mr. BAILEY] in his able and profound address, interpreted the *Slaughterhouse* cases, and conclusively demonstrated that the so-called anti-lynching bill finds no support under the fourteenth amendment. May I quote a few sentences from the decision of the Court?

\* \* \* Was it the purpose of the fourteenth amendment, by the simple declaration that no State should make or enforce any law which shall abridge the privilege and immunities of citizens of the United States, to transfer the security and protection of all the civil rights which we have mentioned, from the States to the Federal Government? And where it is declared that Congress shall have the power to enforce that article, was it intended to bring within the power of Congress the entire domain of civil rights heretofore belonging exclusively to the States? \* \* \* All this and more must follow, if the proposition of the plaintiffs in error is sound. For not only are these rights subject to the control of Congress whenever in its discretion any of them are supposed to be abridged by State legislation, but that body may also pass laws in advance, limiting and restricting the exercise of legislative power by the States, in their most ordinary and usual functions, as in its judgment it may think proper on all such subjects. \* \* \* The argument we admit is not always the most conclusive which is drawn from the consequences urged against the adoption of a particular construction of an instrument. But when, as in the case before us, these consequences are so serious, so far reaching and pervading, so great a departure from the structure and spirit of our institutions; when the effect is to fetter and degrade the State governments by subjecting them to the control of Congress, in the exercise of powers heretofore universally conceded to them of the most ordinary and fundamental character; when in fact it radically changes the whole theory of the relations of the State and Federal Governments to each other, and of both these governments to the people; the argument has a force that is irresistible, in the absence of language which expresses such a purpose too clearly to admit of doubt. \* \* \*

The contention referred to by the Court—which it denied—was in effect that the fourteenth amendment transferred to the Federal Government authority over that field which had theretofore been exclusively under the jurisdiction of the States and came within their police powers. I ask Senators to note the statement of the Court, that this rejected contention would fetter and degrade the State governments by subjecting them to the control of Congress; and yet, as I have heretofore stated, this bill is an effort to degrade the States and to fetter them by subjecting their internal affairs and police powers to the Federal Government. The court in rejecting this argument stated that no such results were intended by Congress when the fourteenth amendment was proposed nor by the legislatures of the States which ratified it.

The view that the fourteenth amendment did not in any way limit the authority of the States in the exercise of full and complete police powers over the subjects within their dominion, or confer upon the Federal Government any authority over the police powers of the States, has been reit-

erated by the Supreme Court of the United States in a number of cases.

In the case of *Barbier v. Connolly* (113 U. S. 27, 31), the Court stated:

\* \* \* But neither the amendment (fourteenth), broad and comprehensive as it is, nor any other amendment, was designed to interfere with the power of the State, sometimes termed "its police power," to prescribe regulations to promote the health, peace, morals, education, and good order of the people. \* \* \*

In the case of *House v. Mayes* (219 U. S. 270), the Court stated:

\* \* \* There are certain fundamental principles \* \* \* which are not open to dispute. \* \* \* Briefly stated, those principles are: That the Government created by the Federal Constitution is one of enumerated powers and cannot by any of its agencies exercise an authority not granted by that instrument, either in express words or by necessary implication; that a power may be implied when necessary to give effect to a power expressly granted; that while the Constitution of the United States and the laws enacted in pursuance thereof, together with any treaties made under the authority of the United States, constitute the supreme law of the land, a State of the Union may exercise all such governmental authority as is consistent with its own constitution, and not in conflict with the Federal Constitution, but exists independently of it by reason of its never having been surrendered by the State to the General Government; that among the powers of the State not surrendered—which power therefore remains with the State—is the power to so regulate the relative rights and duties of all within its jurisdiction so as to guard the public morals, the public safety, and the public health. \* \* \*

Again the Court declared in the case of *Arkansas v. Kansas, etc., Coal Co.* (183 U. S. 185) that the fourteenth amendment did not invest Congress with the power to legislate on subjects which are within the police power of the States. The Court used this language:

\* \* \* The police power \* \* \* the power to protect life, liberty, and property, to conserve the public health and good order, which always belonged to the States \* \* \* was not surrendered to the General Government or directly restrained by the Constitution. The fourteenth amendment, in forbidding a State to make or enforce any law abridging the privileges or immunities of citizens of the United States, or to deprive any person of life, liberty, or property without due process of law or to deny to any person within its jurisdiction the equal protection of the laws, did not invest Congress with power to legislate upon subjects which are within the domain of State legislation. \* \* \*

Mr. President, I submit that an attempt is being made by the proponents of this bill to impair the inalienable sovereign rights of the States to "conserve the public health and good order." It is an attempt, based upon the erroneous and unsound interpretation of the Constitution, that the Federal Government should and does have the power and authority to declare what should constitute crimes within the States, and to that extent interfere with their authority. Stripped of its subterfuge and pretense, this bill is an attempt to regulate the crimes of murder, assault, false imprisonment, and other offenses which it does not possess. May I say in passing that if the Federal Government has such authority, it may deal with practically all infractions of law and usurp the police power of the States.

Mr. McClain, in his work on criminal law, states that—

\* \* \* Undoubtedly the authority to determine what crimes are punishable, and to provide for their punishment, is a part of the general police power of a sovereign and independent State, and, not being conferred by the Constitution of the United States upon the Federal Government, remains with the separate States of the Union. \* \* \*

Senators are familiar with the famous case of *United States v. Cruikshank et al.* (92 U. S. 542). There an indictment was found against certain persons for violating a Federal statute which provided in effect that—

\* \* \* where two or more persons conspired or intended to deprive persons of constitutional rights they enjoyed, they would be guilty of a felony and subject to fine and imprisonment. Due to loose pleading on the part of the Government, the constitutionality of this statute was not decided. \* \* \* The third and eleventh counts are even more objectionable. They charge the intent to have been to deprive the citizens named, they being in Louisiana "of their respective several lives and liberty of persons without due process of law." This is nothing else than alleging a conspiracy to falsely imprison or murder citizens of the United

States, being within the territorial jurisdiction of the State of Louisiana. The rights of life and personal liberty are natural rights of man. "To secure these rights," says the Declaration of Independence, "governments are instituted among men, deriving their just powers from the consent of the governed." The very highest duty of the States, when they entered the Union under the Constitution, was to protect all persons within their boundaries in the enjoyment of these "inalienable rights with which they were endowed by the Creator." Sovereignty for this purpose, rests alone with the States. It is no more the duty or within the power of the United States to punish for a conspiracy to falsely imprison or murder within a State, than it would be to punish for false imprisonment or murder itself. \* \* \*

A few years later section 5519 of the Revised Statutes of the United States, which contained essentially the same provision as the one under consideration in the Cruikshank case, was declared unconstitutional by the Supreme Court of the United States.

In the case of *United States v. Harris* (106 U. S. 629), the Supreme Court of the United States stated that—

\* \* \* The purpose and effect of the two sections of the fourteenth amendment were clearly defined by Mr. Justice Bradley in the case of *United States v. Cruikshank* (1 Woods, 308) as follows: "It is a guaranty of protection against the acts of the State itself. It is a guaranty against the exertion of arbitrary and tyrannical power on the part of the government and legislature of the State, not a guaranty against the commission of individual offenses; and the power of Congress, whether express or implied, to legislate for the enforcement of such a guaranty does not extend to the passage of laws for the suppression of crime within the States. \* \* \* When the case of *United States v. Cruikshank* came to this Court the same view was taken here \* \* \*."

The Supreme Court of the United States again reiterated the view that the fourteenth amendment did not abridge the exclusive jurisdiction of the States over crimes within their borders. In the case of *Caldwell v. Texas* (132 U. S. 692), the Court stated:

\* \* \* By the fourteenth amendment the powers of the States in dealing with crime within their borders are not limited. \* \* \*

After stating that it was the settled doctrine that the police power of the State extends to the protection of the lives, the health, and property of the people, Mr. Justice Harlan used this language in the case of *Patterson v. Kentucky* (97 U. S. 501).

\* \* \* Whether the policy thus pursued by the State is wise or unwise, it is not the province of the national authorities to determine. \* \* \*

I submit, Mr. President, that the cases to which I have referred, as well as others which might be cited have announced fundamental principles and rules of constitutional law which may not be challenged. Briefly stated they are: That there is not contained in the Constitution any delegation of authority to the Federal Government to interfere with the police power of the States; that under the terms of the tenth amendment the authority known as the police power was retained by the States, even though it might be conceded that such authority had not been retained by the States under the Constitution; that the adoption of the fourteenth amendment did not limit the States in their authority in this regard, nor did it confer upon the Federal Government any power over subjects specifically defined as being within the police power, and that criminal offenses such as those embraced within the terms of the bill under consideration are exclusively within the jurisdiction of the States. Putting it mildly, there has been a gross misapplication of the letter and the spirit of the fourteenth amendment in efforts to employ its provisions as a basis in support of the bill before us. The fourteenth amendment did not create any new rights for citizens of the United States not existing prior to its adoption.

The amendment was designed only for the purpose of preventing any State from infringing upon the rights of individuals which theretofore existed, and which in my opinion have existed from the time of Magna Carta. Primarily it was adopted for the purpose of preventing infringements upon those rights, on account of color or race, and that the

"due process" and "equal protection of the laws" clauses are applicable where any person is denied the same. I repeat, the fourteenth amendment did not originate new rights. This view, I insist, is almost universally accepted. It is therefore difficult to understand how it can be contended that an individual who has been assaulted and who thus has access to the courts to secure redress for such assault, acquires the additional right to secure damages from the county. And I might add that the fallacy of this proposition is manifest when the victim himself is removed from the picture; and yet the right to recover damages from the county still remains for the benefit of the representatives who were not denied equal protection of the law even under any interpretation of the fourteenth amendment.

I am sanguine that the framers of the fourteenth amendment never intended to weaken the foundations of the States by permitting or authorizing under its vague and nebulous terms, the Federal Government to enforce the criminal laws of the States. A clause in the fourteenth amendment relating to the denial of equal protection of the laws, was directed against certain State laws which discriminated against certain members of the colored race; and the purpose of Congress in adopting the provisions referred to, extended no further than an attempt to prevent unequal laws. Under the most distorted interpretation of this clause it cannot be contended that a person is denied equal protection of the laws, when a policeman or peace officer fails to uphold the laws of his State. If, because of discriminatory legislation, persons are denied redress in the courts, there is justification for the contention that there has been a denial of equal protection of the laws.

It is claimed by the proponents of this measure that persons of the colored race were not able to secure fair trials, due to State laws or State constitutional provisions which prevented Negroes from serving on juries because of their color. In a few cases there was no law of the State, and it was the act of an officer of the court of which complaint was made. Such was the case of *Strauder v. West Virginia* (100 U. S. 303) and the case of *Neel v. Delaware* (103 U. S. 370). In the latter case the State law excluded Negroes from serving on juries. It was held that there was a denial of equal protection of the laws by the affirmative act of the State as a corporate entity.

The case of *Ex parte Virginia* (100 U. S. 339) affords no sanction for the bill under consideration. The bill before us declares that—

\* \* \* a State shall be deemed to have denied to any victim or victims equal protection and due process of law whenever that State or any legally competent governmental subdivisions thereof shall have failed, neglected, or refused to employ the lawful means at its disposal for the protection of that person or those persons against lynching or against seizure and abduction followed by lynching. \* \* \*

If it were within the power of the Federal Government to enact this provision into law, then there would be no line of demarcation beyond which the Federal Government might not go. The only requirement would be the statement of a rule of law with a condition that a certain situation would be embraced within such rule. It is obvious that any felony or misdemeanor, no matter where committed, could be punished under this view by invoking the principle or doctrine announced in the provision just referred to.

For example, the State or a political subdivision thereof could be fined, or an officer of the law could be punished in every instance where it could be shown that he was negligent. Where an officer traverses a certain beat which he was presumed to protect, he would be guilty of a felony for any negligence in connection with any crime or petty misdemeanor committed on his beat. Larceny, disturbances of the public peace; indeed substantially all offenses could be controlled by the Federal Government if the theory of this bill is accepted, and if this measure were enacted into law and held to be constitutional, it merely would be necessary for Congress to state that such negligence on the part of the officer would constitute denial of equal protection of the laws to



the victims of such crimes as might be committed. If such control upon the part of the Federal Government is constitutional it would seem there would be reasons assigned for the regulation of all crimes, misdemeanors, and breaches of the public peace, in order to secure uniformity in criminal cases; otherwise there would be confusion and the States and their political subdivisions would be unable to determine which crimes or offenses they could deal with by legislation.

Under the views of the proponents of this measure, the Federal Government may be supreme in matters which have been regarded to be exclusively within the powers of the States. It would justify regimentation of the most offensive and oppressive character.

To illustrate the dangers in this proposed legislation I have prepared two amendments which I shall present not for the purpose of having them adopted. If offered I should vote against them, but I refer to them to show how dangerous, not only to the authority and rights of the States this measure would prove, if enacted into law, but also to the rights and liberties of individuals. If the Federal Government has authority to enact this so-called antilynching bill, it may enact laws upon the ground that they are for—

\* \* \* the purpose of better assuring equal protection and due process of law to persons unlawfully deprived of employment, or unlawfully deprived of their property as a result of the seizure and retention thereof by others. \* \* \*

If this were not unconstitutional the Federal Government could declare that lynching shall be deemed to include acts constituting felonies and misdemeanors, unlawful seizure and retention of property, excepting stolen property. It could declare that lynching—

\* \* \* shall be deemed to include violence occurring between members of groups of lawbreakers such as are commonly designated as gangsters or racketeers, or violence occurring during the course of picketing or boycotting or any incident in connection with any "labor dispute" as that term is defined and used in the act of March 23, 1932 (47 Stat. 70) \* \* \*

As stated, if this so-called antilynching measure is constitutional then the Federal Government can enter into the fields to which I have just referred and deal with labor disputes and controversies. The bill further states that—

If any State or governmental subdivision thereof fails or neglects or refuses to protect any owner of property from strikes of employees and so forth, it shall be liable in damages.

Certainly labor should look with concern upon any measure that might establish a precedent or might be used to its disadvantage in labor disputes or controversies. The principle upon which this bill rests, if asserted in labor controversies, would prove harmful to individuals or groups.

As stated, I am not suggesting these amendments for the purpose of having them adopted. Quite the reverse, because, as stated, I would oppose them if efforts were made to engraft them upon this bill or upon any measure.

The fourteenth amendment is limited in its application to action by the States. As stated in the *Cruikshank* case (92 U. S. 542), it prohibits a State from—

\* \* \* denying to any person within its jurisdiction the equal protection of the laws; but this provision does not, any more than the one which precedes it \* \* \* add anything to the rights which one citizen has under the Constitution against another. The equality of the rights of citizens is a principle of republicanism. Every republican government is in duty bound to protect all its citizens in the enjoyment of this principle, if within its power. That duty was originally assumed by the States; and it still remains there. \* \* \*

In the case of *Virginia v. Rives* (100 U. S. 318), the Court declared that—

\* \* \* The provisions of the fourteenth amendment to the Constitution we have quoted all have reference to State action exclusively, and not to any action of private individuals. It is the State which is prohibited from denying to any person within its jurisdiction the equal protection of the laws. \* \* \*

In order for a cause of action to arise under the fourteenth amendment, it must be shown that a State has performed certain acts which constitute a denial of equal protection of the law or a denial of the due process of law.

As stated in *Ex parte Virginia* (100 U. S. 339)—

\* \* \* The prohibitions of the fourteenth amendment are addressed to the States. The constitutional amendment was ordained for a purpose. It was to secure equal rights to all persons and to insure to all persons the enjoyment of such rights, power was given to Congress to enforce its provisions by appropriate legislation. Such legislation must act upon persons, not upon the abstract thing denominated a State, but upon the persons who are the agents of the State in the denial of the rights which were intended to be secured. \* \* \*

Mr. President, the hour of adjournment has arrived and I shall not further detain the Senate. However, when I again obtain the floor I shall further discuss the unconstitutionality of the measure under consideration.

Mr. President, I have today merely started on what I am about to discuss, but there will be another day, and I think I shall now yield the floor.

Mr. ELLENDER. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. LODGE in the chair). The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Connally	Hughes	Overton
Andrews	Copeland	Johnson, Calif.	Pepper
Ashurst	Davis	Johnson, Colo.	Pittman
Austin	Dieterich	King	Pope
Bailey	Donahey	La Follette	Radcliffe
Bankhead	Duffy	Lee	Reynolds
Barkley	Ellender	Lewis	Russell
Berry	Frazier	Lodge	Schwartz
Bilbo	George	Logan	Schwellenbach
Bone	Gerry	Lonergan	Sheppard
Borah	Gibson	Lundeen	Smathers
Brown, Mich.	Gillette	McAdoo	Smith
Brown, N. H.	Glass	McKellar	Steiwer
Bulkley	Guffey	McNary	Thomas, Okla.
Bulow	Hale	Maloney	Thomas, Utah
Burke	Harrison	Miller	Townsend
Byrd	Hatch	Milton	Truman
Byrnes	Hayden	Minton	Vandenberg
Capper	Herring	Murray	Wagner
Caraway	Hill	Neely	Walsh
Chavez	Hitchcock	Norris	Wheeler
Clark	Holt	O'Mahoney	

The PRESIDING OFFICER. Eighty-seven Senators having answered to their names, a quorum is present.

The question is on the amendment offered by the Senator from Florida [Mr. PEPPER] to the amendment, as modified, of the Senator from Illinois [Mr. LEWIS].

Mr. BARKLEY and Mr. BILBO addressed the Chair.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. BARKLEY. Mr. President, does the Senator from Mississippi desire to proceed with his discourse this afternoon.

Mr. BILBO. I will state to the Senator from Kentucky that I am now ready to make a 30-day speech, and I wish to ask unanimous consent that I may have the floor the next time the Senate meets.

#### EXECUTIVE SESSION

Mr. BARKLEY. It is satisfactory to me for the Senator to have the floor at the next meeting, but I do not control recognition.

I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

#### EXECUTIVE MESSAGE REFERRED

The PRESIDING OFFICER (Mr. LODGE in the chair) laid before the Senate a message from the President of the United States submitting the nomination of Edward W. Griffin, of Alaska, to be Secretary of the Territory of Alaska (reappointment), which was referred to the Committee on Territories and Insular Affairs.

#### EXECUTIVE REPORTS OF COMMITTEES

Mr. BORAH, from the Committee on the Judiciary, reported favorably the nomination of George A. Meffan, of Idaho, to be United States marshal for the district of Idaho.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The PRESIDING OFFICER. The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the nominations on the Executive Calendar will be stated.

#### THE JUDICIARY

The legislative clerk read the nomination of William R. Smith, Jr., to be United States Attorney for the western district of Texas.

Mr. BARKLEY. Mr. President, the Senator from Texas [Mr. CONNALLY] has been asking that this nomination be passed over.

Mr. CONNALLY. Let it be passed over until further notice.

The PRESIDING OFFICER. Without objection, the nomination will be passed over.

The legislative clerk read the nomination of Robert A. Cooper, of South Carolina, to be United States district judge, district of Puerto Rico.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. KING. Mr. President, Judge Cooper is the present judge in Puerto Rico and he has important work before his court. I ask that the President be notified of his confirmation.

The PRESIDING OFFICER. Without objection, the President will be notified.

The legislative clerk read the nomination of Emerich B. Freed to be United States attorney for the northern district of Ohio.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of John D. Clifford to be United States attorney for the district of Maine.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

#### NATIONAL MEDIATION BOARD

The legislative clerk read the nomination of Otto S. Beyer, of Virginia, to be a member of the National Mediation Board.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

#### POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask unanimous consent that the nominations of postmasters on the Executive Calendar be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc. That concludes the calendar.

#### BRIG. GEN. EDGAR CARL ERICKSON

The PRESIDING OFFICER. The present occupant of the chair asks unanimous consent to report, from the Committee on Military Affairs, the nomination of Brig. Gen. Edgar Carl Erickson, Massachusetts National Guard, to be brigadier general, National Guard of the United States. General Erickson is a splendid citizen of the State of the present occupant of the chair, who is happy to have the honor to report his nomination.

Is there objection to the present consideration of the nomination? The Chair hears none; and, without objection, the nomination is confirmed.

#### RECESS TO MONDAY

The Senate resumed legislative session.

Mr. BARKLEY. I move that the Senate take a recess until 12 o'clock noon on Monday next.

The motion was agreed to; and (at 3 o'clock and 15 minutes p. m.) the Senate took a recess until Monday, January 31, 1938, at 12 o'clock meridian.

#### NOMINATION

*Executive nomination received by the Senate January 28 (legislative day of January 5), 1938*

#### SECRETARY OF THE TERRITORY OF ALASKA

Edward W. Griffin, of Alaska, to be secretary of the Territory of Alaska. (Reappointment.)

#### CONFIRMATIONS

*Executive nominations confirmed by the Senate January 28 (legislative day of January 5), 1938*

#### UNITED STATES DISTRICT JUDGE

Robert A. Cooper to be United States district judge for the district of Puerto Rico.

#### UNITED STATES ATTORNEYS

Emerich B. Freed to be United States attorney for the northern district of Ohio.

John D. Clifford to be United States attorney for the district of Maine.

#### NATIONAL MEDIATION BOARD

Otto S. Beyer to be a member of the National Mediation Board.

#### APPOINTMENT IN THE NATIONAL GUARD OF THE UNITED STATES

Edgar Carl Erickson to be brigadier general, National Guard of the United States.

#### POSTMASTERS

##### ARIZONA

Virginia Gay, Clemenceau.

##### ARKANSAS

William E. Carpenter, Cave City.  
Elizabeth Horton, Washington.

##### ILLINOIS

Frank J. Clark, Hines.  
Ernest J. Kruetgen, Chicago.

##### KANSAS

William E. Gallanaugh, Gardner.

##### MICHIGAN

Anna G. Kindelan, Dollar Bay.

##### VIRGINIA

Carrie F. Patterson, Greenwood.

##### WISCONSIN

Howard F. Vande Hei, West De Pere.

## HOUSE OF REPRESENTATIVES

FRIDAY, JANUARY 28, 1938

The House met at 11 o'clock a. m.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our Father in Heaven, Thou who art most human and divine, grant that we may be joined to Thee in vital union of affection, devotion, and heartfelt desire. When our joy is touched with pain, when shadows fall on brightest flowers, breathe upon us the ministry of the divine presence. In the calmness of sustaining faith, let their discipline be lost in the joy of fairer days. We are not merely to gratify our own purpose, but to seek Thy will. When found, blessed Lord, may we love to follow it. From the high altar of worthy living, out of fair ideals of the mind of understanding, let there spring ambitions for a better and a happier country. In every situation, do Thou be pleased to sustain our Speaker and the Congress with the arms everlasting, that never fail. In the Master's name. Amen.

The Journal of the proceedings of yesterday was read and approved.

#### MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries.

#### MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed the following resolution:



## Senate Resolution 227

JANUARY 5 (calendar day, JANUARY 27), 1938.

*Resolved*, That the Senate has heard with profound sorrow the announcement of the death of Hon. EDWARD A. KENNEY, late a Representative from the State of New Jersey.

*Resolved*, That a committee of two Senators be appointed by the Presiding Officer to join the committee appointed on the part of the House of Representatives to attend the funeral of the deceased Representative.

*Resolved*, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

*Resolved*, That as a further mark of respect to the memory of the deceased Representative the Senate do now take a recess until 12 o'clock meridian tomorrow.

The message also announced that the Senate insists upon its amendments to the joint resolution (H. J. Res. 571) entitled "Joint resolution making appropriations available for administration of the Sugar Act of 1937 and for crop production and harvesting loans," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. ADAMS, Mr. GLASS, and Mr. HALE to be the conferees on the part of the Senate.

## COMMITTEE ON WORLD WAR VETERANS' LEGISLATION

Mr. O'CONNOR of New York. Mr. Speaker, I ask unanimous consent for the immediate consideration of House Resolution 408.

The Clerk read as follows:

*Resolved*, That, for the purpose of obtaining information necessary as a basis for legislation, the Committee on World War Veterans' Legislation of the Seventy-fifth Congress is authorized as a committee, by subcommittee or otherwise, to continue the survey begun under authority of House Resolution 325 of the Seventy-fifth Congress until January 3, 1939, and for such purposes said committee shall have the same power and authority as that conferred upon the Committee on World War Veterans' Legislation by House Resolution 325 of the Seventy-fifth Congress. The unexpended balance of the appropriation under House Resolution 331 of the Seventy-fifth Congress is hereby continued for such purposes.

Mr. O'CONNOR of New York. Mr. Speaker, if I may be permitted to explain this resolution briefly: In the first session of this Congress the House passed a resolution authorizing the Committee on World War Veterans' Legislation to investigate the veterans' hospitals. They were to report at the beginning of this session. This investigation has not been completed, for I understand there are six or seven more hospitals to be investigated. There is an unexpended balance of about \$3,000 in the committee's funds.

The purpose of this resolution is to authorize the committee to continue the investigation and to report at the beginning of the next session of Congress, and to allow them to use the unexpended balance.

If there is any further need of explanation the gentleman from Indiana [Mr. GRISWOLD], a member of that committee, can explain; and I yield to him for that purpose.

Mr. COCHRAN. Mr. Speaker, will the gentleman from Indiana yield?

Mr. GRISWOLD. I yield.

Mr. COCHRAN. I know that the gentleman's committee made an investigation of the hospital adjoining my district, under authority of the resolution passed last year. This resolution, as I understand it, simply permits your committee to continue and carry on the activities that were interrupted by reason of the special session, and further authorizes only the use of the unexpended appropriation. It does not ask for or authorize any additional money. Is this correct?

Mr. GRISWOLD. The gentleman is correct. No additional funds are asked for, and it is not contemplated any will be asked for in view of the fact that there remains of the original \$5,000 an unexpended balance of \$3,000, and we have investigated 80 percent of the hospitals. We have spent only \$2,000 of the original \$5,000 given to the committee.

Mr. COCHRAN. In view of the gentleman's statement, which clearly indicates no additional money will be requested, I offer no objection.

The SPEAKER. Is there objection to the present consideration of the resolution?

There was no objection.

The resolution was agreed to; and a motion to reconsider was laid on the table.

## MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—NATIONAL DEFENSE (H. DOC. NO. 510)

The SPEAKER laid before the House the following message from the President of the United States, which was read, referred to the Committee of the Whole House on the state of the Union, and ordered printed.

## To the Congress of the United States:

The Congress knows that for many years this Government has sought in many capitals with the leaders of many governments to find a way to limit and reduce armaments and to establish at least the probability of world peace.

The Congress is aware also that while these efforts, supported by the hopes of the American people, continue and will continue they have nevertheless failed up to the present time.

We, as a peaceful nation, cannot and will not abandon active search for an agreement among the nations to limit armaments and end aggression. But it is clear that until such agreement is reached—and I have not given up hope of it—we are compelled to think of our own national safety.

It is with the deepest regret that I report to you that armaments increase today at an unprecedented and alarming rate. It is an ominous fact that at least one-fourth of the world's population is involved in merciless devastating conflict in spite of the fact that most people in most countries, including those where conflict rages, wish to live at peace. Armies are fighting in the Far East and in Europe; thousands of civilians are being driven from their homes and bombed from the air. Tension throughout the world is high.

As Commander in Chief of the Army and Navy of the United States it is my constitutional duty to report to the Congress that our national defense is, in the light of the increasing armaments of other nations, inadequate for purposes of national security and requires increase for that reason.

In spite of the well-known fact that the American standard of living makes our ships, our guns, and our planes cost more for construction than in any other nation and that the maintenance of them and of our Army and Navy personnel is more expensive than in any other nation, it is also true that the proportion of the cost of our military and naval forces to the total income of our citizens or to the total cost of our Government is far lower than in the case of any other great nation.

Specifically and solely because of the piling up of additional land and sea armaments in other countries, in such manner as to involve a threat to world peace and security, I make the following recommendations to the Congress:

(1) That there be authorized for the Army of the United States additions to antiaircraft material in the sum of \$8,800,000 and that of this sum \$6,800,000 be appropriated for the fiscal year 1939.

(2) That there be authorized and appropriated for the better establishment of an enlisted reserve for the Army the sum of \$450,000.

(3) That there be authorized the expenditure of \$6,080,000 for the manufacture of gages, dies, and other aids to manufacture of Army matériel, the sum of \$5,000,000 thereof to be expended during the fiscal year 1939.

(4) That the sum of \$2,000,000 be authorized and appropriated toward the making up of deficiencies in ammunition for the Army.

(5) That the existing authorized building program for increases and replacements in the Navy be increased by 20 percent.

(6) That this Congress authorize and appropriate for the laying down of two additional battleships and two additional cruisers during the calendar year 1938. This will call for the expenditure of a very small amount of Government funds during the fiscal year 1939.

(7) That the Congress authorize and appropriate a sum not to exceed \$15,000,000 for the construction of a number of new types of small vessels, such construction to be

regarded as experimental in the light of new developments among navies; and to include the preparation of plans for other types of ships in the event that it may be necessary to construct such ships in the future.

I believe also that the time has come for the Congress to enact legislation aimed at the prevention of profiteering in time of war and the equalization of the burdens of possible war. Such legislation has been the subject for many years of full study in this and previous Congresses.

It is necessary for all of us to realize that the unfortunate world conditions of today have resulted too often in the discarding of those principles and treaties which underlie international law and order, and in the entrance of many new factors into the actual conduct of war.

Adequate defense means that for the protection not only of our coasts but also of our communities far removed from the coast we must keep any potential enemy many hundred miles away from our continental limits.

We cannot assume that our defense would be limited to one ocean and one coast and that the other ocean and the other coast would with certainty be safe. We cannot be certain that the connecting link—the Panama Canal—would be safe. Adequate defense affects, therefore, the simultaneous defense of every part of the United States of America.

It is our clear duty to further every effort toward peace but at the same time to protect our Nation. That is the purpose of these recommendations. Such protection is and will be based not on aggression but on defense.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, January 28, 1938.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. MERRITT. Mr. Speaker, I ask unanimous consent that on Monday next after the disposition of legislative business on the Speaker's table I may be permitted to address the House for 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

#### EXTENSION OF REMARKS

Mr. GEARHART. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a speech by James O'Connor Roberts, national chairman of the American Legion National Defense Committee.

The SPEAKER. Without objection, it is so ordered. There was no objection.

Mr. WELCH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting therein an article published in the Log, a periodical devoted to west-coast shipping news, the article being entitled "Pacific Coast Defense Weakened."

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. MASON asked and was given permission to extend his own remarks in the RECORD.

#### DISTRICT OF COLUMBIA APPROPRIATION BILL, 1939

Mr. COLLINS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 9181) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1939, and for other purposes; and pending that I ask unanimous consent that general debate proceed throughout the day, to be equally divided between the gentleman from Michigan [Mr. ENGEL] and myself.

Mr. ENGEL. Debate not to be confined to the bill?

Mr. COLLINS. Debate not to be confined to the bill.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

The SPEAKER. The question is on the motion of the gentleman from Mississippi.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 9181, the District of Columbia appropriation bill, 1939, with Mr. DRIVER in the chair.

The Clerk read the title of the bill.

The first reading of the bill was dispensed with.

Mr. ENGEL. Mr. Chairman, I yield 25 minutes to the gentleman from Ohio [Mr. JENKINS].

Mr. JENKINS of Ohio. Mr. Chairman, on January 29, 1937, I addressed this House on the life and achievements of William McKinley. In that address I took the position that McKinley, considered from the results of his efforts in Congress, was one of the most effective Congressmen among the many distinguished men who have served in this House. At the same time I took the position that, although McKinley had, after having been Governor of the great State of Ohio, served as President of the United States during one of our great wars, yet his greatest contribution to the welfare of this Republic and her people was made here upon the floor of this House as a Member of this honorable body.

It has not been given to many Congressmen, however brilliant, to be considered by their contemporaries and by subsequent generations as central figures in any one of the great epochs of our history. Many brilliant men have graced this House with their service. Since I have been a Member of this body I have seen men come and go whose mental attainments were of the highest order. Had they served in the time of a great emergency they might have burned their names into the everlasting history of the Republic. But, be that as it may, Mr. McKinley found his opportunity and made the most of it, for he was no ordinary man.

Mr. McKinley was elected to Congress in 1876, and entered upon his duties the same day that Rutherford B. Hayes, who had served with him on many bloody battlefields, entered upon his service as the President of these United States. These two men were more than friends; they were comrades. It has been said publicly many times, although I have not been able to verify it from historic records, that upon one occasion during a battle or campaign of the Civil War there were four Ohio officers occupying the same tent all of whom afterwards became Presidents of the United States. It is supposed that these were Grant, Hayes, Garfield, and McKinley.

McKinley's greatest contribution was his successful efforts in protecting American industry, American farmers, and American workmen from the products of the cheap labor of foreign countries. He was a modern apostle of protection. While he did not raise the protection tariff as a new issue he interpreted the protective tariff in a new way.

Tariff on imported articles was one of the inevitable policies of colonial days. The Colonies were early under the necessity of protecting themselves against importations from neighboring colonies.

Massachusetts was probably the first colony to enact such legislation. In 1652, and 32 years after the landing of the Pilgrim fathers, Massachusetts by law prohibited importation of malt, wheat, flour, meat, meal, and similar products. Soon thereafter Virginia prohibited the importation of tobacco, especially from North Carolina. Practically every colony prohibited competitive goods coming from its neighboring colony because the neighboring colonies usually produced about the same class of articles. Lack of transportation prevented distant colonies from competition by importation.

Gradually, as Great Britain imposed her unfair taxes and duties upon Americans, they began, from necessity, to manufacture their own necessities. Therefore when the Revolutionary War broke out they patriotically prohibited the importation of any goods from Great Britain and proceeded to make themselves as self-sufficient as possible. The termination of the Revolutionary War brought to America not only political liberty but furnished our people an opportunity to demonstrate to the world that they were the most industrious and ingenious people in the world.

Following the Revolution, the Thirteen Colonies continued to operate under the Articles of Confederation. Each State held to itself all the powers of sovereignty, especially as to the



power to prohibit importations from any other colony or colonies and from foreign nations. They exercised that power to such an extent that it created in the minds of leaders, such as Washington, Madison, Hamilton, and Franklin, the fear that unless something would be done immediately the Colonies would soon be at actual war with each other with a result that we do not like to contemplate. This fear was beyond any question the one most important reason for the calling of the convention to amend the Articles of Confederation which, instead of amending the Articles of Confederation, brought forth the Constitution. So the policy of protecting ourselves from competitive imports by levying duties and tariffs and prohibitions against importations has from the very beginning of our history been one of our most important national policies.

The Constitution provides that the States should surrender their right to levy tariffs and duties. That right was granted to the Congress exclusively, and when Congress assembled in its first session in April 1789, after electing a chairman its next official act was the appointment of a Committee on Ways and Means. This great committee was the first appointed, and it has from that day to this been considered the ranking committee of Congress. On the second day of the first session of the first Congress, James Madison proceeded to put "first things first" by introducing a resolution for free trade between all the States and a levy of revenue duties on foreign importations.

This resolution was met by a counter proposal from Mr. Fitzsimmons, of Pennsylvania, who had been chosen chairman of the Committee on Ways and Means. He advocated free commerce between the States and a tariff on foreign importations, not only for revenue but for protection to the industries of the new Nation. During the debates, which lasted 6 weeks, Madison coined the phrase "infant industries." This phrase has been employed in every tariff discussion from that day to this. The resolution was passed by a 5-to-1 majority, with Madison voting for it. The terms of this resolution are in line with the policy expressed in its caption, which is as follows:

Whereas it is necessary for the support of government, for the discharge of the debts of the United States, and the encouragement and protection of manufacturers that duties be paid on goods, wares, and merchandise imported.

The next great epoch in the history of the development of tariff policies of our Nation is one that grew up around and out of the publishing of Hamilton's Report on Manufactures. It has had a profound effect and lasting influence upon the economic and financial policies of the Nation. In this report Hamilton dealt with national finance, national credit banking facilities, and other national powers and responsibilities. Being a strong advocate of the development of home industries, Washington supported him in his views. It is quite probable that these two great men agreed on these policies in advance of the publishing of this famous document.

Washington in his first inaugural address said:

The safety and the interest of the people require that they should promote such manufactures as tend to render them independent of others for essential, particularly military, supplies.

Hamilton argued for the establishment of manufactures, not only because they promised prosperity to our people but he argued that—

We must strive to become self-contained for the reason that although we could with reasonable certainty procure from other countries our manufactured articles, we have no assurance that they would take our agricultural products except on their own terms.

Any other system held no promise except that our country would always be at the mercy of other countries and consequently could not prosper. In his report he said:

In such a position of things, the United States cannot exchange with Europe on equal terms; and the want of reciprocity would render them the victim of a system which would induce them to confine their views to agriculture and refrain from manufactures. A constant and increasing necessity, on their part, for the commodities of Europe, and only a partial and occasional demand for their own in return, could not but expose them to a state of im-

poverishment, compared with the opulence to which their political and natural advantages authorize them to aspire. It is for the United States to consider by what means they can render themselves least dependent on the combination, right or wrong, of foreign policy.

How prophetic of the era of great individual and national growth and prosperity which followed for more than 100 years. How prophetic of what will happen if we give up our own great, unequaled American market to the trade of the world, as is being done by this administration through its foreign trade agreements. Since we produce half of the manufactures of the world, and since half of the trade of the world is done in the United States, and since we are the wealthiest nation in the world, why open our doors to the goods of the world through trade agreements which, experience has taught us, these nations will never keep? Once they have captured our markets, how can we regain them? The superintelligence and the superior efficiency of our workers will not avail against the cheap price of the pauper-labor countries, and our standard of living, I fear, cannot be maintained. The Secretary of State becomes petulantly impatient when anybody even questions his determined course. To anybody who might timidly question his course he imputes a willful refusal to see with him the great possibilities for peace that must follow from his plans. Anybody who can see a rainbow of peace in the smoke of war as it wings its wide desolation from continent to continent in these days must be dreaming dreams. He should be awakened before it is too late, because other nations are inevitably taking our trade, and the price that we will pay is the difference between our standards of living and theirs.

What would William McKinley say if he were here today? I would not want to attempt to speak for him or to attribute to him a certain definite course. But, judging the present by the past, it would seem that his works and actions irrefutably indicate that he would not subscribe to the present policies, and especially the present practices of the administration with reference to the reciprocal-trade agreements that our State Department has bound upon us. McKinley, who is considered by many as the father of reciprocity as it applies to the tariff, maintained that we should enter into no reciprocal agreements except as to products which we could not produce. It was not to apply to any articles in competition with any articles that we could produce. Let me give you McKinley's own words from his inaugural address. He says:

To the end in view always to be the opening up of new markets for the products of our country by granting concessions to the products of other lands that we need and cannot produce ourselves, and which do not involve any loss of labor to our own people but tend to increase their employment.

While his language is clear and plain let me put what he says into categories. His statement means, first, products admitted to the United States must not compete with those produced by us.

Second. The countries traded with must be such as would take our surplus of manufactures and of farm produce.

Third. The concessions obtained by us must be fully equivalent in the volume of trade thereby gained to those made by the countries with which the arrangements were entered into.

In his last speech made at Buffalo on the day before his assassination he went further than in any other speech theretofore made. In that speech he indicated clearly that the welfare of the man who labors in this country should be the controlling factor in all reciprocal-trade programs. Let me quote his exact language:

We should take from our customers such of their products as we can use without harm to our industries and labor.

There are those who defend the reciprocal-trade agreements made by this administration by claiming that McKinley's philosophy was broad enough to encompass them. I maintain this is not true. McKinley's program would not permit the free entry of any competitive articles. The Hull agreements in many instances have practically thrown open

our markets to the trade of the world. Let me cite you some figures. In 1936 there were 31,430,738 bushels of corn imported into the United States, while in 1937 the amount nearly trebled when 86,135,194 bushels were imported. In 1935 the imports of beef from Argentina was 31,742,847 pounds while in 1937 it had jumped to 40,029,351 pounds. Likewise in 1935 the hams and bacon, imported principally from Poland, amounted to 5,297,355 pounds, while in 1937 they had reached the colossal figure of 44,282,455 pounds. Six years ago the importation of shoes from Czechoslovakia was practically nothing. There will be 3,500,000 pairs imported this year.

All of this, we must remember, has been imported in the face of the great pressure exerted to curtail the growth and production of corn and other products in this country, and in face of the senseless program of curtailing production of cattle and hogs through the wanton wastefulness as shown by the destruction of pigs and calves. We are now in the midst of making a trade agreement with Great Britain. The agenda around which this agreement will be perfected carries a list of practically hundreds of the principal articles manufactured in the United States and practically every farm product. In this list are all kinds of materials made from steel from steel ingots to shotguns; all kinds of material made from the products of the earth, such as brick and cement; all classes of articles made from leather; all classes of articles made from wool and cotton. When we have concluded this agreement with England and permit the same privileges to Japan and other countries under the most-favored-nation agreements we surely will have surrendered up our market in its entirety. The products we sell in exchange are automobiles and typewriters and adding machines, and so forth.

Having captured our markets these foreign countries will, when they have been able to manufacture these articles upon which they now give us concessions, have the control of all of the markets of the world through the medium of low wages. What will we do then? That is a question that carries with it dangers and uncertain implications. Can a nation that has built itself up to the highest efficiency ever achieved by any nation of the world maintain its position against terrific odds?

Under the tariff laws in effect before the passage of the present reciprocal trade agreements law the President could not raise or lower tariff rates except within very definite limitations prescribed in the law. He was bound by a definite legislative formula set up in that agreement, namely, the difference in the cost of production between foreign and domestic articles. This difference must have been found upon hearings and investigations made by the Tariff Commission, a quasi-judicial body. The power to levy tariff duties is given by the Constitution exclusively to Congress. The present law providing for reciprocal-trade agreements gives the President complete discretion to select the articles to be admitted under the trade agreements, and he may do this without regard to whether they are competitive, and he can determine the amounts and quantities to be admitted.

There is grave doubt as to the constitutionality of this present law, but those who prepared it have worded it so as to deny a complainant the same right of appeal as provided under section 516 of the old law. Section 2 of the new law provides:

The provisions of sections 336 and 516 (b) of the Tariff Act of 1930 shall not apply to any article with respect to the importation of which into the United States a foreign trade agreement has been concluded pursuant to this act or to any provision of any such agreement.

As a result of this refusal of the Administration to prevent free open contest of the law in the courts no one has yet been able to bring a case to test the constitutionality of the act.

I have great fears that this surrender of the rights of Congress to the Chief Executive and the secret conduct of those who represent the Government in negotiating these agreements and the tyrannical refusal to permit easy ap-

peals and legal contests will put us at the mercy of the world. We have built up the greatest market in the world by care and caution. Why throw it away with reckless abandon under the spell of the impractical "brain trusters" and confirmed free-traders?

Mr. CASE of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. JENKINS of Ohio. I yield.

Mr. CASE of South Dakota. The gentleman from Ohio has referred to the proposed trade agreement with the United Kingdom. Has the gentleman noticed the fact that among the items listed for consideration in the original notice of January 8 which the Secretary stated would be considered, several items are listed on which the rate of duty, as fixed by the Tariff Act of 1930, has already been reduced 50 percent.

Mr. JENKINS of Ohio. I am not sure that I know definitely what the gentleman has in mind, but I do know that the Secretary has deviated somewhat from his usual course of secrecy. Heretofore the entire Commission down there has taken the position that all these negotiations should be carried on very secretly, and I do know that he has been somewhat more lenient in that respect recently.

Mr. CASE of South Dakota. My point is that the act of 1934 which amended the act of 1930 by providing for these reciprocal-trade agreements specifically set forth that in none of these trade agreements should the tariff be reduced to more than 50 percent of the existing rate of duty. Now the question arises, in view of this notice of the Secretary, whether or not the Secretary interprets this as power to reduce the tariff from the act of 1930 by 50 percent in one agreement and then at a later time use that rate of duty as a new existing rate of duty, and then successively reduce it another 50 percent, and another 50 percent, and so on, and thereby destroy the entire tariff structure.

Mr. JENKINS of Ohio. Under the 1930 law the President could not, by proclamation, reduce any rate more than 50 percent or transfer any article from the dutiable list to the free list. I do not know just how the Secretary of State will interpret it as to whether he will consider that the 50 percent left after reducing 50 percent will be a base upon which he can make another 50-percent reduction. I think that since he has always been such a pronounced free-trader it may be expected that he will make every reduction possible.

Mr. CASE of South Dakota. I have a bill along this line pending before the gentleman's committee, and I hope the gentleman will consider it.

Mr. TREADWAY. Mr. Chairman, will the gentleman yield?

Mr. JENKINS of Ohio. Yes.

Mr. TREADWAY. I have listened with great interest to the gentleman's eulogy of former President McKinley and the description of his type of tariff protection for American industry. Would the gentleman kindly tell us by contrast how it compares with the kind of tariff that is now being advocated by the Secretary of State, Mr. Hull, in reciprocal treaties? My thought is this: Is not the present policy of the administration absolutely contrary to the theories of former President McKinley?

Mr. JENKINS of Ohio. Yes. There is no question about that. As I have heretofore said, the cardinal principle of Mr. McKinley's doctrine was the protection of American industry, and by that I mean the laboring man in industry. He has always, right down to the very last word in every speech and in every doctrine laid down, said that it was the protection of American labor that was the issue and the real controlling factor.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. JENKINS of Ohio. Yes.

Mr. COX. Is the gentleman attacking the law under which the Secretary is operating, or is he attacking the Secretary's administration of the law?

Mr. JENKINS of Ohio. Mr. Chairman, I am not attacking either one, but I am trying to give what I think would



have been the views of President McKinley and the views of those who agree with him. Since the gentleman has asked the question, I would not want to attack the law, because it is the law. Of course, I would attack the principle of the law, because I say to you that this Congress should never have surrendered its rights and prerogatives under the Constitution; it should not have given this great legislative power to the President; it should have laid down the line as was laid down in the old law, and the measurement in the old law was this: That the controlling factor to be followed by the Commission was the difference between the cost of production in foreign countries and in this country. That was the rule then, but it is not the rule now. I further attack the law in this respect: I say that since the Constitution gave to Congress the full power to levy tariff duties, we cannot constitutionally surrender this to another agency, even to the President. The most we can do in that respect is to lay down a legislative formula or yardstick which defines exactly how far the President may go. A fact-finding agency is to find the facts, and the President must accept these facts and be controlled by them absolutely. I attack the administration of it, yes; but I say to the gentleman that the administration of it now is not what it was in the beginning. The administration of this law in the beginning was absolutely un-American, because those administering the law shut out the people who were interested in knowing what changes were contemplated. People could not know of proposed conferences. They did not know what was going to be considered. The Secretary did not publish agendas then, and interested producers did not have the right or opportunity to come and be heard. Many instances came to our attention where persons vitally interested did not have an opportunity to present their views. Take, for instance, those who produce pottery. The pottery business is probably the sickest business in the country today. That is one industry that is given no consideration by the proper agencies. The pottery industry is forced to meet ruthless competition from all parts of the world, especially from Japan. That industry has never been given a fair chance to present its case. It is facing complete destruction from Japanese competition. Japan expects to take that market away from us in its entirety, and if it had not been for the Japanese-Chinese war, Japan would probably have that industry in control today. When we surrender that industry to Japan, you will see the price of such articles go up. That is what Alexander Hamilton could foresee so clearly. When we give foreign nations concessions on their goods and they find that we have lost the art of making those articles, then we have no assurance that they will not increase the price on the goods that we must get from them. [Applause.]

From the days of Washington and Hamilton the protection of our industries through means of the tariff was carried on. Henry Clay became the next great advocate of this policy. After the War of 1812 foreign goods flowed into our country like the torrents of a flood. The importations jumped from \$12,965,000 in 1814 to \$113,000,000 in 1815. For a few years this condition bewildered such statesmen as Clay, Webster, and Calhoun, but in 1816 Clay showed signs of leadership and took a national view of the situation, while Webster, who was blinded to the shipping industry of his own section, took a local view, and Calhoun was bound by his duty to protect the cotton of his own section, also took a narrow view. Clay, with his advocacy of the American system, automatically leaped to a position of leadership. In that contest Clay, Webster, and Calhoun all showed unmistakable signs of the genius that later made them immortal among American statesmen.

Clay steadfastly continued to defend and maintain his American system for many years. The years 1818 to 1831, except for slight flurries, were years of great national prosperity. This was in spite of the threat of nullification made by South Carolina, and in spite of the disorders that were arising all over the country from the irresistible advance of the slavery question. There was a national ferment constantly at work and the opposition to the extension of slavery

was not to be denied. During those trying years before the Civil War Clay frequently used the tariff as a means of compromise with Calhoun and others to relieve the national tension. It was by reason of his compromises thus made that he won the title the "Great Pacificator." It seemed, however, that nothing but the spilling of human blood would be a sufficient atonement for the national sin against a helpless race, and this sacrifice was made that the Nation might live. During the war none disputed the wisdom of the protective tariff and after the war it was employed to relieve the tremendous debt growing out of the war.

It was not until the panic of 1873, which followed the wild speculation following the Civil War, that the protective tariff again became an issue.

President Hayes came to the Presidency by the election of 1874. He recognized that the task of restoring prosperity was a gigantic one. To do so with a Congress of opposite political faith was a most unalluring prospect. He decided that the protective tariff offered the best means of raising revenue to meet the onerous war debts, which had increased from \$91,000,000 in 1861 to \$2,683,000,000 in 1865. He took his trusted friend, McKinley, into his confidence with reference to his problems, and, although McKinley was a new Congressman, the President invited him to study this great question of how best to relieve the depression of that day and to liquidate the obligations of that war.

This started McKinley upon a line of study that enabled him to render a great and lasting service to his country. He took up the task where Clay had laid it down. The tariff had proven its efficiency so completely during the days of Clay that for several years it coasted along on its own popularity as a revenue raiser. It had, however, become the football of politics and frequently the subject of bargaining between Congressmen and Senators from different sections of the country, each group seeking advantages for its particular section.

Extreme protectionists had demanded too much protection by exorbitant duties. Free-traders, on the other hand, pressed their theories without regard to how much destruction their plans and theories might work on established industries. Clay, like Hamilton, defended the American system. He maintained that tariffs should be a part of a national program and for the general benefit of the whole Nation. Sectional tariffs were not a part of the American system. Clay maintained that a protective tariff was an economic regulation needed to give our country a chance to grow symmetrically and substantially.

McKinley's mental and physical equipment were such that he was competent and admirably qualified to study and master this great doctrine. With President Hayes his task was to revive industry and to pay the debt of the Nation. He maintained that the revival of industry could best be accomplished by a scientific levy of protective tariffs which would not only relieve business, but would furnish revenues with which the debt burden could be reduced. As he contemplated tariff duties he considered the country as a whole.

In one respect McKinley was like Lincoln, namely, he was apt in laying down great principles in plain language. He clearly set out his views when he said early in his advocacy of protection:

Self-preservation is the first law of nature as it is and should be of nations.

Frequently he maintained that the levying of tariffs should be done with "the general welfare in mind." He further said that—

It is our duty and we ought to protect as sacredly and assuredly the labor and the industry of the United States as we would protect our honor from taint and our territory from invasion.

He maintained that free trade among the States was entirely different than free trade among nations. In this connection he said:

Here we are one country, one language, one allegiance, one standard of citizenship, one flag, one Constitution, one destiny. It is otherwise with foreign nations, each a separate organism, a

distinct and independent political society organized for its own, to protect its own, to work out its own destiny.

He denied that foreign nations had the right to trade on equal terms with our own producers in our own markets which these foreigners paid nothing to maintain and in which they had none but a selfish interest. He insisted that it was a correct principle that we should protect our industries from cheap foreign labor by a tariff that would at least equal the difference between the cost of an article from abroad and the cost in our own country. He saw in this difference a chance to raise the revenues required and to operate the Government.

By what system and how should these tariff duties be levied was the real question. The free-traders were willing to accept the revenue if it could be collected without interfering with the shipment into foreign trade of products from their sections. They were willing to agree to levying a tariff upon products that could not be produced in our country. Examples of those are coffee, tea, and sugar. A tariff on these articles would raise revenue but would offer no protection to any American industry. McKinley maintained that we should admit all such articles free because the more freely they would come in the cheaper the price would be. He insisted that the duties should be levied on products which could be produced here, but which could not be produced as cheaply here as abroad and which would not be produced here unless we protected their production against the importation of cheaper-made goods. McKinley saw that, in accordance with his system, the teas and coffees were permitted to enter free of duty, thereby giving them to our people at a cheap price, and that the steels and all other manufactures were protected against the importation of these classes of materials, which, if manufactured in the United States, would keep our men employed in the mills and factories of the Nation. One theory placed a duty on articles that we could not produce. Another theory admitted all such free and placed a duty on all that came in competition with our own. By this latter system we permitted free entry of many foods that were for that reason cheaper to us and we protected our own industries from foreign competition, built up our businesses, and at the same time collected enough revenue to maintain the Nation.

There is no question but that McKinley was the statesman for that day in our history. He presented the proper solution of the problem. He prescribed the proper remedy for our national malady. He laid down a program that carried our Nation to great heights of prosperity and national growth. His theory protected the worker and his employer. He did not constantly array one group against another. He knew that the prosperity of the employer and the employee was bound together by ties of common interest. His purpose was to formulate a program on a sound economic principle and then allow that program to work out without a constant meddling by the executive branch of the Government. What would he do and say today? Can anybody read the story of his great battle for the American workingman and doubt that if he were here today and at the helm of authority that he could relieve this situation that threatens the very life of the Nation? When he took the helm of the ship of state in 1897 as it floundered then as now in a sea of unemployment and poverty and hunger brought on by a policy of surrendering our markets to the cheap labor of the world, he supplied as if by magic the necessary confidence that was totally absent as it is now. If the American employer and the American workingman today had confidence in the Chief Executive and his policies as the people had confidence in McKinley, the depression that is the worst that the Nation ever suffered from would lift as a dense discouraging fog lifts before the irresistible sun. My friends, American industry recognizes that American labor is the finest labor in all the world. That cannot be denied. [Applause.] And American labor believes American industry is the finest in all the whole world, and that cannot be denied. [Applause.] With these two undeniable foundation stones in place and held in place by the

cement of American patriotism and a faith by both groups that ours is the best country in the world, why is it that we cannot build on this foundation a gigantic economic structure that will house all who want to work therein, including the 12,000,000 unemployed whose number is increasing every day? If these two groups are only one short step apart, what is keeping them apart, and with such awful consequences to so many worthy people? The answer can be found in the story of the relationship of McKinley with the people as contrasted with the relationship of our Chief Executive today. McKinley had the confidence of both groups, while our present Executive has not the complete confidence of either group. His uncertain, supercilious attitude inspires fear and distrust, while a sincere, sympathetic, forward-working attitude would inspire confidence. Away with criticism; away with petulance; away with threats; away with personal animosities; away with personal ambitions. Hark to the call for a return to sanity, to an open and aboveboard square deal. Neither new nor nebulous. Hark to a call of our people for a return of the time when a large majority of the people, both rich and poor, were at least presumed to be honest as against these times when the national philosophy points a finger of distrust and dishonesty toward everybody.

My friends, McKinley had the confidence of the people because he believed in them. He had confidence in them. His every action was flooded with proof of his loyalty to America and Americans. He was ever ready to defend his country and her people against the encroachments of all foreign countries. He was never willing to betray the American businessman or workingman or to submerge their interests for the benefit of anyone anywhere. When our Chief Executive rids himself of those advisers who fail to enthuse over the heritage that has come down to us from the firmness of Washington, the confidence of Jefferson, the sturdiness of Jackson, and the vicarious sacrifice of Lincoln, but who rather look upon all these great men as misguided individuals who failed to interpret aright their duties and their responsibilities, he will go far toward restoring a proper relationship between himself and the people whom he should feel it is his great honor to serve. Distrust will always breed depression. Confidence is always conducive to contentment. [Applause.]

Mr. COLLINS. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. PATMAN].

#### PRESIDENT'S MESSAGE

Mr. PATMAN. Mr. Chairman, I am generally very much in accord with the President's message, think it is a wonderful message, and I consider it timely. I invite attention particularly to two or three paragraphs:

I believe also that the time has come for the Congress to enact legislation aimed at the prevention of profiteering in time of war, and the equalization of the burdens of possible war. Such legislation has been the subject for many years of full study in this and previous Congresses.

The American Legion and other veterans' organizations have been working for the enactment of such a law. At all the conventions that I have attended, and all of the meetings that I have attended, I have tried to make one point plain. We do not want to make the same mistake that was made during the last war. During the last war President Woodrow Wilson caused laws to be passed that would have taken the profits of the war to pay the cost of that war. If those laws had not been repealed, the entire national debt would have been paid, and we would have had a surplus by June 30, 1927, of a billion and a half dollars. The men engaged in that war did not make a profit out of the war. We know that the four and a half million men received only a small part of the amount that was expended as the cost of the war. We know people who did make a profit, and these laws would have taken that profit to pay the cost of the war, but after the war was over and another administration came into power, then the slogan was to reduce taxes to help business, and they commenced to cut down those taxes, repealing the excess-profits tax laws, and others, until we still owe that war debt. I insist that during the last war men served with-



out profit, and the profiteers would have had to pay the cost of the war had the laws remained in effect. After the war was over those laws were changed or repealed. Let us make sure that any law we pass for the future does not allow the men to go ahead and serve without profit of any kind, making all kinds of sacrifices, and after the war is over repeal such laws as to business and profit, as we did after the last war.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. Yes.

Mr. MAY. I advise the gentleman that, as perhaps he understands, the House Military Affairs Committee has reported a bill that is now on the calendar, and for which we expect to ask for a rule some time between now and the 15th of February, which I think is an admirable bill on that subject. It is designed to take the profit out of war and prevent profiteering. I hope the gentleman will take an active interest in promoting this bill.

Mr. PATMAN. If the bill is the one I think it is, I may say that I am familiar with it. I want to take the profits out of war. One way to make war less likely is to take the profits out of war in advance.

Mr. MAY. The gentleman also believes that if we limit the amount of profit that may be made during a war, such as is done under the technical provisions of that bill, we will be able to pay for the war as we go along, and at the end of it we shall not be burdened with a vast debt, as we were at the end of the World War.

Mr. PATMAN. We do not want to have a war, in the first place. We want to do everything we can to prevent war; but if we have one, the gentleman's suggestion is a good one, except there should be no profit at all.

Mr. COLLINS. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. COLLINS. The gentleman knows that the bill referred to by my friend from Kentucky guarantees that there will be profits in war and does not undertake to take profits out of it.

Mr. PATMAN. I am not, of course, familiar with that type of bill. I thought he was talking about the kind of bill that would take the profits out of war. If, as the chairman of the subcommittee suggests, it is a bill that will guarantee the profits of war, that is a different question. I am opposed to guaranteeing a profit to anyone during war.

Mr. MAY. If the gentleman will permit, it limits the amount of profits that may be earned by industry to 5 percent. It is the thought of the committee that if you take all of the profits away from industry it might be detrimental to a war program; that it might be better to let them earn, say, certain profits.

Mr. COLLINS. I am afraid the gentleman does not understand his own bill. The bill is based upon the theory that peacetime profits are O. K., but that 95 percent of the profits over and above peacetime profits will be taken away from industry.

Mr. MAY. The gentleman is mistaken.

Mr. COLLINS. Oh, no; I know what the gentleman's bill is, because, as a member of the War Policies Commission, I studied the same proposition that is incorporated in his bill during about 3 months of public hearings.

Mr. MAY. The gentleman is talking about some draft of the bill that was never finally reported.

Mr. PATMAN. Anyway, the bill will soon be before the House for consideration. If it is a bill to guarantee the profits of war, I shall be opposed to it. I am for a bill that will make wars less likely. If corporations are guaranteed a profit in time of war and they cannot make a profit now, they certainly have some incentive to get our country into war if the profit motive governs.

Another quotation from the President's message is this:

Adequate defense means protection not only of our coasts but also of our communities far removed from the coast. We must keep any potential enemy many hundreds of miles away from our continental limits.

I was inclined the other day, when an appropriation bill was before the House, to vote for the amendment to elimi-

nate the provision for the two battleships. I was very much sold on the idea that instead of voting for the two battleships we should vote to construct 2,800 large bombing planes that would cost \$50,000 each. The argument seemed to me to be logical that 1,400 large bombers certainly would be worth more to us to defend our country than one battleship; but coming to the House with the gentleman from New York [Mr. FITZGERALD], and making that argument to him, while giving the matter further consideration, he said:

Yes; but remember that if other countries have battleships and can come within a couple of hundred miles of our shores bringing hundreds of bombers on these battleships, they can cause us considerable damage and destruction before we can defend ourselves; so we have got to have battleships to keep battleships of foreign countries from coming so close to the continental United States.

It therefore occurs to me that so long as other countries use battleships we shall be in danger unless we have battleships to prevent them from coming too close to our shores. This question is a serious one and should be given careful consideration.

Another paragraph to which I desire to invite your attention is this:

It is our clear duty to further every effort toward peace, but at the same time to protect our Nation. That is the purpose of these recommendations. Such protection is and will be based not on aggression but on defense.

I am glad to get those words from the President or the United States—that there is no intent or effort on his part to use the services and facilities asked for in this measure to engage in any aggressive war; it is not to be used for the purpose of aggression but for the purpose of defense only. [Applause.]

Mr. Chairman, I yield back the balance of my time.

Mr. COLLINS. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. VOORHIS].

Mr. VOORHIS. Mr. Chairman, so far as the question of battleships and the equipment for national defense is concerned, every Member of the House to whom I have spoken is in agreement as a matter of principle with the policy of providing that which is necessary for American defense; and I think most Members of the House are earnestly trying to find out what that means.

I am not, however, going to talk about arms and armament. What I shall talk about is something which to my mind concerns more intimately and immediately the problem of the struggle between democracy and dictatorial government than even the question of armament, for, after all, our principal job in this American Congress is to demonstrate that we can give to this democratic Nation effective leadership, not only in solving the economic problems of the country but also in protecting the people of the country from insecurity.

We have got to have an adequate answer in the form of actual conditions in this Nation to anybody who attempts to say that the American system is not superior to that of any other in the world. Ultimately we will defeat the challenge of any dictatorial government right here in the United States. Unless we defeat it here we can scarcely expect to wipe it off the face of the earth by fighting a foreign war.

Mr. Chairman, we are called upon today and tomorrow to consider the District of Columbia appropriation bill. I have taken the trouble to go into this matter to some extent. In this bill we have represented to us, I feel, an extremely dangerous attempt to save money at the expense, literally, of the chance for people to live and of certain of the fundamentals of our civilization. After all, this bill appropriates money raised in the District by means of taxes. Do not forget that the possibility that some of these taxes may fall upon the Members of Congress is involved and, therefore, the Members must give some account for the basis of what they do to appropriations for a dire need with that in mind.

It is true that at this moment in the District a person who is employable cannot get assistance because there is not enough money. It is true that last year \$1,336,000 was appropriated for relief of distress due to unemployment and

that in this bill only \$900,000 is appropriated for the same item.

Mr. COLLINS. Will the gentleman yield?

Mr. VOORHIS. I yield to the gentleman from Mississippi.

Mr. COLLINS. I will say to the gentleman from California for his information that identically the same amount of money is carried in this bill for relief that was carried in the 1938 bill. The 1938 bill carried \$2,280,140, and this bill carries \$2,280,140. In both figures administrative expense has been eliminated. Notwithstanding the fact that the amounts in both bills are identical, there were 556 less cases in December 1937 than there were in July of 1937.

Mr. VOORHIS. I would appreciate it if the gentleman would explain to me a little further the situation. I have gone over these figures with some care, and I do not quite see how the figures can be the same.

Mr. COLLINS. The figures I have given the gentleman are Budget figures, and they are the figures that were presented to the committee and were found to be correct. Not only that, but Miss Hill, who directs relief, testified as follows:

Mr. COLLINS. All told, you will have as much money to spend if these estimated amounts are appropriated for 1939 as you had in 1938?

Miss HILL. They are much the same. They are not very different.

Mr. VOORHIS. I would like to call the attention of the gentleman to page 28 of the report, which is all the information I have. It is indicated on that page there is a cut of \$436,500 below the 1938 amount for the item of public assistance.

Mr. COLLINS. I will be very happy to explain that to the gentleman. In connection with old-age assistance, the cut that was made was for this reason: In old-age assistance it was estimated that persons eligible for old-age assistance would receive this old-age assistance at the rate of \$30 per month or \$360 a year. It was testified that they were being paid now \$25 a month or \$300 a year and that they would not be paid during the fiscal year 1939 more than \$25 a month or \$300 a year. The difference between \$360 and \$300 is \$60. It is estimated there will be 3,600 of these cases. Sixty times 3,600 is \$216,000. Since it is proposed not to spend the \$60 per year or a total of \$216,000 the committee saw no reason why it should be appropriated.

Mr. VOORHIS. The gentleman refers to the item of old-age assistance. I was speaking about the item for public assistance, which refers to unemployment relief.

Mr. COLLINS. I will be very happy to tell the gentleman about that.

Mr. VOORHIS. I hope the gentleman will give me a little additional time.

Mr. COLLINS. This subject will be gone into in detail when the bill is presented to the House. The gentleman realizes that the Federal Government through the Social Security Board contributes quite a large amount for old-age assistance, for aid to dependent children, aid to the blind, and so forth.

Mr. VOORHIS. But not for this item for public assistance.

Mr. COLLINS. Oh, yes. Aid for dependent children and home care are both incorporated in that item.

Mr. VOORHIS. That is a different item.

Mr. COLLINS. The appropriation by the Federal Government, plus the appropriation by the District of Columbia, will give you for general relief in the District of Columbia for unemployables the same amount of money that was appropriated in the 1938 bill. The same amount of money will be available for expenditures in the fiscal year 1939 that was available for expenditures in 1938, notwithstanding the fact that there are 556 less cases than there were in 1938 and notwithstanding the further fact that there will be a still less number of these cases in July than there are at the present time.

Mr. VOORHIS. However, there is testimony which I cannot question for a single moment to the effect that hundreds

and hundreds of people in the District are unable to get any assistance whatever. I have some of the cases before me, which have been reviewed by certain people in the District whose word I would not question for a single moment.

Mr. PATMAN. Will the gentleman yield?

Mr. VOORHIS. I yield to the gentleman from Texas.

Mr. PATMAN. Is that not true in all the States as well as in the District?

[Here the gavel fell.]

Mr. COLLINS. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. VOORHIS. Mr. Chairman, of course that is true in all the States. I bring the matter of the conditions existing in the District to the attention of the House in the earnest hope that when we come up against the same problem of providing work for unemployed people throughout this Nation we will meet it in the spirit of decency and American consideration for human life and values. This is only a preliminary skirmish, and I realize that fact. However, I do believe some consideration should be given by the Members of the House to the situation in the District of Columbia, which, after all, is our National Capital. It seems to me the evidence is cumulative to the effect it has been seriously neglected.

Mr. SCHULTE. Will the gentleman yield?

Mr. VOORHIS. In just a moment. I would like the Members of the House to glance at page 28 of the committee report, which is the page I am going by so far as the cuts under 1938 appropriations are concerned. I do not question the chairman of the subcommittee, but I still do not understand it. Perhaps it will come out later in the discussion.

Now I yield to the gentleman from Indiana.

Mr. SCHULTE. The gentleman has, no doubt, read in some of the local papers that there is a shortage of \$32,000 in the amount necessary to feed the poor children in the District of Columbia their little dinners.

Mr. VOORHIS. Yes; and I think it is a shame.

Mr. SCHULTE. There is carried in this appropriation bill an item of \$10,000 to be given to the chief of police to pay stool pigeons—the lowest form of degenerates. Only men of that type would volunteer to do that sort of work, yet the chief of police is given \$10,000 to pay stool pigeons. I hope that when the proper time comes someone will offer an amendment diverting this money from the stool-pigeon fund into the fund for the needy children of the District of Columbia.

Mr. VOORHIS. So do I. We are increasing the appropriation for the police and leaving thousands of people in the District destitute right now. I should hate to think there is any connection between these two facts. It still is true that people who are employable cannot get relief, however desperate their plight. They have requested relief and have been unable to get help because there is not enough money. There are 37,000 people unemployed in the District, according to the report of the Biggers committee reporting to the President. The amount allowed for that purpose in this bill would be an average of \$30 a year—not a month, but \$30 a year per family. I do not want direct relief; I want work for everyone—Government work if necessary, but work in any case. I am against direct relief, but we must recognize the fact that until we solve the problem of unemployment—which, after all, is our main job—it is unfair to require unemployed people to pay all the penalty. We must provide relief and we must have an adequate amount. Those who talk about handing the problem of relief back to the local communities had better think about giving them a decent example.

In this bill there has been cut out entirely the appropriation for the National Training School for Girls, and it is planned to send these girls to the penitentiary for adult women.

Mr. COLLINS. Mr. Chairman, will the gentleman yield there?

Mr. VOORHIS. I will yield in just a moment.



Another item which has been cut out is the Receiving Home for Children, and it is suggested in the report that the police can take care of them. I believe American civilization ought to rest on a higher plane than that. I am reminded of some of the stories of Charles Dickens when I think about things like this. I believe the fact an agency has not functioned properly does not give us the right to cut off its appropriation. I believe there are times when you need to insist upon its improvement, and even times when you need to make a somewhat larger appropriation for it, in order to make it possible for the work to be carried on properly. If you limit too much the chance for efficient administration of some of these agencies, you will not be able to carry them on as they should be carried on. I believe the limitation of 7½ percent for administration of relief may well be a case in point. I hope we may have that feature discussed.

Now I yield to the gentleman from Mississippi.

Mr. COLLINS. I will say to the gentleman if he refers to transferring these girls to Lorton, this was a mistake in the language of the report. It is the intention of the Committee on Appropriations, that these girls are to be transferred to Blue Plains. At Blue Plains there is an industrial home school for colored boys, but the law provides that both boys and girls can be kept at Blue Plains. There is an industrial school out on Wisconsin Avenue which likewise can take care of white boys and girls. There is no disposition to take these girls away from a training school and surroundings approximating what they have now. I will also say to the gentleman that the District has not been picayunish with the girls at the Industrial Home School, because \$2,200 a year has been spent on each one of them.

Mr. VOORHIS. Mr. Chairman, some amendments to this bill will be offered in an effort to correct some of these matters, and I hope they will be voted up.

[Here the gavel fell.]

Mr. ENGEL. Mr. Chairman, I yield 30 minutes to the gentleman from Vermont [Mr. PLUMLEY].

#### TRADE TREATIES PROVOCATIVE OF, NOT PANACEAS FOR, WAR

Mr. PLUMLEY. Mr. Chairman, the high-minded purpose which actuated men like the late Newton D. Baker and Frank B. Kellogg to dare to think and to plan in terms that lay outside political platforms and programs, a new formula for international relationships and the eventual establishment of an irrevocable policy that involves the abolition of war as a method of settling international disputes entitles them to the commendation of everybody, and with their policy a program, idealistic as it is, none of us can quarrel.

They had the faith and they had the courage to follow an ideal, notwithstanding the disappointing result of their crusade, and they set a standard of excellence toward which the world must press on until that brotherhood of men and nations and races they have dreamed about shall become a reality.

They were dreamers of dreams. The failure of the attainment of which and of whose ideals in their day and generation, though a bitter disappointment, and though their hope did not end in fruition, nevertheless was worth striving for; and the ends which they sought to accomplish and the heights which they attempted to reach will be attained if, when, and only when the world catches up with them and men like them—these idealists, these men of vision, these dreamers of dreams.

#### A REALISTIC AGE

On the other hand, we live in a very realistic age, and whether we like it or not we must be reasonable and of the earth earthy. This does not mean that there is one of us who would not hopefully say with Longfellow:

Down the dark future, through long generations,  
The echoing sounds grow fainter and then cease,  
And with solemn sweet vibrations,  
I hear once more the voice of Christ say, Peace!  
Peace! No longer from its brazen portals  
The blasts of war's great organ rend the skies,  
But beautiful and sweet as songs of the immortals  
The holy melodies of peace arise.

A consummation devoutly to be wished, eventually to arrive, but obviously ages hence, involving the Christianization of the world. No millenium can be created by contract.

We have to be reasonable, whether we like it or not. It is perfectly all right to be striving to reach that star of good neighborliness, but we must not be swept off both feet or off the ground by the fantasia of idealism and sentiment. We must keep at least one foot on the ground as we try to "hitch our wagon to a star."

#### EUROPE OR ASIA?

I do not need to refer to the fact that there is not a well-informed person in the United States who does not fear that war-torn Europe may eventually have to submit to triumphant Asia. There is not one of us who does not dread the day when the eventual struggle between the white and the yellow races will come, as come it will, and the result of which will spell either the triumph and the everlasting establishment or the end of our civilization.

That is a blunt and brutal way of stating a fact, which many of us know to be the truth, the while we smile and smile, and with our laissez faire attitude make lip service obeisance to those who lead us, or undertake to lead us in that realm of dreams and idealism which our own cold-blooded reason tells us can only end in a nightmare, with such a startled awakening as can only be appreciated or conjectured by those who answered in France to a call to advance at the zero hour.

Peace? Yes; it is the desideratum of the ages, the aspiration of all right-thinking people. Peace! But a peace not bought, nor paid for by trade treaties, based on arguments of economists or of cloistered theorists.

#### NATIONAL IDEALS AND INTERNATIONAL IDOLS

The truth is we have been propagandized to death by high pressure salesmen who have earned their pay. I am informed that \$135,000 has been allocated for expenditure by the State Department for propaganda and publicity purposes connected with the creation of a public sentiment for these trade treaties. The amount may be more or less, it is the idea back of it all that is most reprehensible.

I realize that I do not strike a popular chord when I undertake to minimize the importance or the effect of, or to paint the picture of the disaster which certainly will follow the negotiation of these trade treaties with those nations, which forsooth, if they do not eventually pass out of the picture as nations will have the grace of God, and not their own friends, to thank.

#### THE ROAD TO WAR

As Dean Donham, of Harvard Graduate School of Business Administration, said in 1933:

Our primary obligation is to put our own national house in order and by restoring our own balance to reestablish our great social groups. By so doing we shall make our best contribution to a sane and realistic internationalism. \* \* \* A host of intelligent and idealistic men and women, in spite of the disillusionment of the last 15 years, still believe the only way to prevent another world war is the road of international cooperation, leading to gradual creation of a super state. These lend their powerful support to current theories. I think this is the one sure road to war. \* \* \*

There are bad times ahead in the international markets and we shall do Europe a disservice if we seek as powerful competitors to secure an increasing share in these markets. We shall not succeed, for Europe must win such a competitive race or be lost. No international trade plan that involves our active efforts to expand foreign trade can be sound for Europe nor can any such plan, even if sound for Europe, be a safe basis on which to rebuild our industry. We should look afresh at our relations to foreign trade.

#### EUROPE'S MAD MEN

Europe today is a seething, boiling pot of war, a maelstrom of diplomatic intrigue and connivance, a center of secret treaties and negotiations, self-serving, and self-saving, and "the devil take the hindmost." It is the home of the maddest men of all the ages. Why should we undertake to make contracts with them. Why should we dare to enter into alliances with these maniacs? Has not experience taught us that any contract we may enter into with them is not worth the paper on which it is written, if to break

it seems to serve their selfish purpose? It is absurdity carried to the 7th degree to undertake to make the American people believe that these defaulting war debtors of ours will keep a promise. Moreover, they will out-trade us, as they have. We will be eventually sacrificed on the altar of entangling alliances, from which so far and up to a certain point we have escaped, thanks to our good luck—not our good judgment.

#### A NATIONAL "SELL-OUT"

As a national sell-out, "down the river," the trade treaties heretofore negotiated take the gold medal offered for idealistic, impractical, governmental, theoretical economic effort. They are not worth, at such time as these nations see fit to cancel them, the paper on which they are written. As written they sacrifice us on the altar of Moloch. It is not popular to say it. That does not deter me, for I am one of those who is willing to say that he thinks he can see a hole through a ladder. Moreover, the President to the contrary, notwithstanding—I believe I can "See the forest despite the trees," and my attention is not to be diverted or distracted from the impending crises in the affairs at home—superinduced, I say it, and I mean it, by this administration—by any of the paid propaganda and the efforts to draw a red herring across the trail, incident to the magnification of the benefits to be derived from the trade treaties.

Again I say, and am still of the opinion, based on experience and justified by that fact, that Europe does not keep its word. It does not respect its obligations. Written obligations, signed, sealed, and delivered by these "good neighbors" of ours, are nothing but "scraps of paper" to them, if and when it is to their selfish interest to so judge them.

Carried away by their enthusiasm for what is right and good, too many people in these United States have been hypnotized by the words, and the voices, which have proclaimed the potentialities for recovery and relief and international good will, supposedly inherent in these trade treaties. Some day they will wake up and realize the fact and know, if not already too late to save themselves, that these trade treaties are two-edged swords, both sides of which will cut their throats.

#### EUROPE HATES US

The fact is, and it is known to many, that there is not a country in Europe that loves us; none that does not hate us, and because it owes us—if you want to know the reason why. Moreover, their readiness to join in these trade treaties should put us on our guard. They have no desire or intention to do a single thing other than to advance their own selfish interests.

Up to date we have substantially and generally speaking, been outsmarted, outgeneraled, and outraded in every treaty we have made.

Entangling alliances? None can be worse than those contemplated. If we have not already learned it, some day we will know the truth and appreciate the fact that the very best thing which exists in perpetuity and that can be relied upon, come good or ill, between us and Europe, is the Atlantic Ocean. Into it, if I had my way, I would throw the act known as the trade agreement with the British Colonial Empire.

Do not forget for a minute that Italy, Germany, and Japan and the other totalitarian states will organize at the expense of the American producer. Do not overlook the fact that their conception of international trade under their dictatorships differs entirely from ours. So I say these trade treaties will throw us right into the center of that gigantic conflict between the totalitarian state and our democratic, republican ideals.

It is high time that we were sensible. It does not matter how beautifully high minded, sentimental, idealistic, and fantastic the dreams may be; it is high time for us to wake up and get up and put our clothes on while we have any left to put on.

#### WAKE UP, AMERICA!

When you wake up, you are going to find out that the American people are getting into a state of mind which may

be called practical minded. You may believe it or not, but I dare to say to you, whether you were for it or against the Ludlow amendment, that the last American who was buried on foreign soil as sacrifice to the cause to make the world safe for democracy, and who went to war to end all war, is the last American who will ever be buried on foreign soil as the victim of any such propaganda. (You may believe it or not, but the last draft of young American blood and brains and brawn has been made for any war on foreign soil. The people of America will keep Americans out of foreign wars, propaganda or no propaganda, dictatorship or no dictatorship.)

This does not mean, however, that they will not spend their last dollar, nor that they will not fight to the last man, nor spill their last drop of blood to defend this country of ours against any aggressor. And nobody should forget that.

I would be the last man in the world to impugn or to criticize the motives or to belittle the idealism back of the trade-treaty program, or the idealistic end sought to be attained. However, stripping it of all sentiment, I am nevertheless mindful of the fact that "it is the vain endeavor to make ourselves what we are not that has strewn history with so many broken promises and lives left in the rough," as Lowell has said so well.

Because I do not believe that the proponents of this program can ever realize their ideals and for the reason that their theories do not square with the practice of this old world since its beginning, I am constrained to once more say that the law providing for the enactment of these so-called trade agreements should be repealed and agreements already entered into should be abrogated. And now—

#### "TRADE FOLLOWS THE FLAG"

It is a trite but true saying that "trade follows the flag." And that "trade's unfailing train usurp the land and disposes the swain" is a familiar quotation. Both furnish food for thought. There is, Mr. Chairman, no use in fooling ourselves. Whatever the theories and the idealism of the proponents of these trade treaties may be, it nevertheless is incontrovertibly true that the quest for national power and prestige is inseparably involved in and tied up to the material gain and profit which it is hoped may result from usurpation and conquest and occupation of territory. Were this not so there would be no quests.

You and I know that the loss of blood and lives and treasure incident to the attempts of colonial expansion and these quests of Italy, Japan, and Germany, and other countries is the price which these countries are willing to pay in anticipation of what they hope to get out of it. That is the cold-blooded, unsentimental truth.

Do not be misled. Hitler and Mussolini certainly have no inferiority complex. They are after territory and raw materials and the consequent revenue they hope and expect will be derived from such trade as follows the flag. Trade always has been, is, and always will be one of the economic factors and causes of war, an underlying and impelling motive for the quest for power and prestige, despite all the theories of those idealists—those who come from the reveries of a cloistered speculation, with their idle and perilous diplomacy and pedantic dogmatism, and new maxims, and great ideas, born since the last change of the moon—to the contrary notwithstanding.

Now, my position with respect to reciprocity and the tariff is very well known to my own constituents. Back in November 1933, when I was first a candidate for nomination for Congress, I said:

I am for a protective tariff. I believe to admit foreign goods indiscriminately would further depress the economic situation in these United States.

#### NOT AN ISOLATIONIST

Practically speaking, I have repeatedly said that I was not a high protectionist; that I stood for a tariff policy that would reasonably protect the Vermont farmer, American industry, and American labor. I am not an isolationist, but I am for America first.

Over and over again I have asserted that reciprocity was an old tariff principle which was first advocated by a Re-



publican President, when Benjamin Harrison said in 1890 that the reciprocity clause of the Tariff Act wisely and effectively points the way to secure a large reciprocal trade.

I have called attention to the fact that reciprocity should not be a political policy.

But as Rufus Choate once said:

I do not appreciate the beauty and comprehensiveness of those scientific ideas which forget the actual and vast interests of the community are exactly what the legislator has to protect; that the concrete things must limit the foolish wantonness of a priori theory; that that department of politics which has for its object the promotion and distribution of the wealth of nations may very consistently and very scientifically preserve what it would have created; \* \* \* how senseless, how unphilosophical, how immoral—to arrest it suddenly and capriciously, how consummate a destruction it would cause.

So I am in favor of a reasonable and an adequate protective tariff.

Incidentally, also, I am aware of the fact that there are two schools of thought with respect to our commercial policy; namely, that of the high protectionist, who is for an America self-contained, and who would have our agricultural and industrial production geared to domestic consumption; and, secondly, those who believe in equality of commercial opportunity under trade agreements which allegedly and supposedly will, and should, protect American industry and agriculture against unfair, devastating, destructive competition.

#### NOT RECIPROCAL

Again, the trouble with these so-called reciprocal-trade agreements which have been negotiated is that in a majority of the cases they are not reciprocal and, therefore, as a result permit well-established American industries to be injured by unfair competition.

#### NOT LEGAL

Hear me when I tell you, and in all humility, that the most serious criticism to be found is found in the fact that these trade agreements, under whatever name they may be called, are, nevertheless, treaties, the negotiation of which, even though authorized by statute, is nevertheless contrary to the fundamental law of the land, forasmuch as all treaties are subject to the approval of the Senate as is provided in article II of the Constitution, section 2:

He [the President] shall have power, by and with the advice and consent of the Senate, to make treaties, provided two-thirds of the Senators present concur \* \* \*.

#### AMENDMENT TO ACT

I will consider, first, the second proposition, which a little over a month ago, in discussing the proposed trade treaty with Great Britain, I called attention to what Senator LEWIS, of Illinois, had to say, to the effect such a treaty should be "held up until Great Britain paid its war debts," and I protested against accepting a token payment.

At that time I said, in substance, that I could not understand by what real authority the Secretary of State undertook to negotiate these trade agreements, as they are called, but which are treaties nevertheless. Probably you do not recall it, but I said that in my opinion they really were not worth the paper on which they were written, and suggested that there were many good reasons, both in law and fact and in logic, to support the contention, and that better lawyers than I affirmed the correctness of my assertion. It therefore is interesting to note that when Senator O'MAHONEY introduced a bill, which is in effect an amendment to the Reciprocal Trade Agreements Act, requiring that every reciprocal-trade agreement before becoming effective shall be filed with Congress at least 30 days, he said that there was no doubt in his mind that reciprocal-trade agreements are in effect treaties, and that they should be ratified by the Senate before they became effective.

In fairness to the Senator, I ought also to say that he said rather than introduce this amendment he would prefer to amend the law so as to provide that before a reciprocal-trade agreement should become in any degree effective the Congress of the United States should be consulted, since such agreements in effect deal with the tariff law and the making

of tariff rates, and thereby constitute an act which is legislative in purpose and effect.

In that connection the Senator from Texas [Mr. CONNALLY] called attention to the fact that inasmuch as all such trade agreements relate to revenue, it was also interesting to note that in one of the first Congresses under the Constitution, the House of Representatives took the position that since the agreements under consideration related to revenue, and since the House of Representatives was given the sole authority under the Constitution to originate all revenue legislation, it followed that the contemplated trade agreements were not effective, even when ratified by the Senate, without the House itself giving consent.

A very interesting colloquy ensued, as appears from the CONGRESSIONAL RECORD, on pages 231 et sequentia, Seventy-fifth Congress, third session.

#### BRITISH COMPETITION WITH SOUTHERN INDUSTRY

Senator O'MAHONEY inserted in the RECORD a document signed by the Governors Conference. He called attention to the fact that while these Governors were appealing to the industrialists of the land to go into the Southeast to establish textile manufactures, the State Department might be negotiating with Great Britain to allow the textile products of Great Britain to enter this country in competition with the manufactories these Governors would like to set up.

In the discussion which followed, Senator JOHNSON of California remarked that he would insist with respect to these reciprocal-trade treaties, so-called, as he had insisted since the first trade agreement was contemplated, "that the Senate and House of Representatives perform their constitutional functions."

The Senator from Idaho [Mr. BORAH] took occasion to say:

I agree with what the Senator from California [Mr. JOHNSON] has said, that these so-called trade agreements are treaties. They ought to come here for ratification, and if the Senate had any regard whatever for its constitutional rights and duties, they would come here.

So much for the proposition with respect to the illegality and unconstitutionality of the trade agreements as they have been negotiated and as it is proposed still further to negotiate them.

#### NO REAL RECIPROCITY

Now, as the proposition that these trade agreements are not reciprocal. I reiterate the statement that there is no real reciprocity in the program, and I shall continue to object and protest and to vote against—if I had a chance to vote—the negotiation of any of these agreements or the continuance of any law which permits the negotiation of agreements which puts the product of any foreign country free from duty into direct competition with those which are raised and manufactured by the people of my State and country at such a price that my people cannot compete therewith and live. Such a policy, mistakenly called "a good-neighbor policy," goes too far, in that it asks one to approve an agreement which deliberately and directly injures industry, destroys initiative, and robs the American people of their property and forces them involuntarily and without fault of their own onto the relief rolls and into the millions of unemployed.

Reciprocity, as the layman understands it, means that I will let you bring in apples because I do not raise them, if you will let me take pumpkins into your country because you do not raise them.

Theoretically, "reciprocity" means a mutual advantage grows out of mutual concessions to each of the parties. You will supply what I cannot produce and have not, and I will supply you with those things you have not and cannot produce, and we will make the pact "right" because of the mutual consideration for each other's needs.

Reciprocity as the layman understands it, does not mean that I will let you bring in apples to compete with my home-grown apples, because you can raise apples cheaper than I can raise them.

Reciprocity does not mean that I will let you put my apple growers out of business because they cannot compete with your price on apples, your price being made possible because it costs you less to raise and pick and pack—that is to say, I pay my laborers more, and they live better than yours do.

It is not reciprocity, decidedly not, to destroy our industries, put our employees out of work, increase the number of unemployed and the burden of taxes on our own just to be a good fellow and a good neighbor. That is not reciprocity, but that is just what these trade treaties so far have done to us Americans who have been hit, and just what it will do to the constituents of some of my friends who favor these trade treaties, if and when the industries of their districts and their products are hit as ours have been. I believe in being a good fellow and a good neighbor, but why should my constituents have to be the whole burnt offering to make a Roman holiday? You wait until the proposed trade treaties hit your people a solar plexus blow, and your enthusiasm for the idealism, in this hard cold world of international cutthroat—live, but do not let live—policies, will abate, decidedly. And the day of your awakening is not so far off, if the program is continued as planned.

#### IT HITS INDIANA—IT WILL HIT YOUR STATE NEXT

For instance and by way of illustration, here is how it hits Indiana. Ohio may be next. Others will follow.

There is or should be no political partisanship involved. But, as I said by way of illustration, let me call your attention to what the gentlewoman from Indiana [Mrs. JENCKES], a Democrat, had to say about the Cuban trade treaty and its effect upon her constituents. She addressed the National Association of Hot House Vegetable Growers at the Hotel New Yorker, back on December 16, 1937, and she said, among other things:

The cost of reciprocal-trade agreements is of great interest to the hothouse vegetable growers of America. It is also of greater interest to every man, woman, and child in every city of the United States. The reason of this great interest is that in the hothouse vegetable growing industry we find an evidence of the high cost of economic or trade agreements which are consummated hastily and without thorough research and careful investigation.

#### THE COST IS A CALAMITY

The cost of reciprocal-trade agreements as far as the hothouse vegetable industry is concerned is almost a calamity in America. It is needless for me to stand up here and tell you that the hothouse vegetable growing industry is being destroyed by the unfair provisions of the reciprocal-trade treaty which was entered into with the Republic of Cuba. Many of our hothouse vegetable growers have been forced into bankruptcy and it is appalling to study the income-tax returns of our American hothouse vegetable growers who, prior to the ratification of the reciprocal-trade treaty with Cuba were paying high income taxes to the Federal Government and employing at good wages thousands of American citizens, but today those thousands of American citizens who were employed in the hothouse vegetable growing industry have joined with millions of unemployed Americans and these five American hothouse vegetable growing concerns are paying very small income tax to the Federal Government and in many instances they are paying no income tax at all, due to the reciprocal-trade treaty with Cuba.

#### AGRICULTURAL EXPORTS DECREASED

In all, our domestic competitive agricultural exports decreased from \$787,000,000 in 1934 to \$333,000,000 in 1937, and our competitive agricultural imports increased from \$419,000,000 to \$868,000,000 during the same period.

This appears to be a true picture of the effects of trade agreements.

The imports of vegetable products are valued at \$644,000,000, and animal products at \$224,000,000. The total agricultural imports for 1937 amounted to \$1,538,000,000, or more than half of the value of all imports, which amounted to \$2,894,000,000.

#### AGRICULTURE PAYS "THROUGH THE NOSE"

Thus, agriculture is paying the largest portion of the good-will gesture of reciprocal-trade agreements.

A great American patriot once said that "Eternal vigilance is the price of liberty," and I wish to impress upon the 2,000 American concerns who are engaged in the hothouse vegetable growing industry, and who have \$150,000,000 invested in that industry here in our country, and who give employment to approximately 50,000 American citizens at gainful wages, that in these troublous times we must be eternally vigilant.

#### THE CZECHOSLOVAKIAN CONSPIRACY

The Bata shoe, which, because of the trade treaty with Czechoslovakia, is being sold in competition with American-made shoes in the American market for \$1.17½ a pair, actually costs the American manufacturer \$1.30 to produce, no charges for transportation, selling expense, office expense, taxes, or profit being included. Think that over and wonder no longer why unemployment increases by leaps and bounds.

Representative BATES, of Massachusetts, recently said with respect to this ruinous Bata shoe competition under the trade treaty:

It is estimated that when working to capacity, Bata's plants are capable of producing 250,000 pairs of shoes a day, and it was stated by Mr. Johnson, of the Endicott-Johnson Co., before the Committee for Reciprocity Information, that all of the Bata factories combined are capable of producing upward of 350,000 pairs of footwear per day. That is the kind of organization Bata and those in sympathy with him want to "let loose" on our struggling shoe industry.

It must be kept in mind in discussing this shoe question that under a trade agreement, once Bata gets a foothold in this country, and that agreement runs over any considerable period of time, Bata will ruin the men's as well as the women's shoe industry of the United States.

It must also be kept in mind that whatever concessions are made to Czechoslovakia under the most-favored-nation clause automatically these concessions become effective with all other countries with which the United States has entered into trade agreements.

We are in the midst of a great industrial depression in which it has been estimated recently ten to twelve million people are unemployed in the United States. There is no part of this country that is suffering more from a depressed condition than the State that I represent in Congress. According to the last report that is available, there are a quarter of a million less people employed in the industries of Massachusetts than were employed 15 years before; and, according to the reports recently issued by the Unemployment Census Director, Mr. Biggers, over 300,000 people who are able to work are now unemployed in Massachusetts. The relief costs in the 39 cities of Massachusetts in 1920 were \$1,600,000, which kept constantly increasing until they had totaled \$27,249,764 in 1933, and in 1936 the high peak was reached when the combined expenditures by local and Federal relief agencies in these communities made a grand total of over \$80,000,000. We are very much alarmed about the present situation.

In recent days not only have I received complaints from the shoe manufacturers and workers but also from the textile industry and the fiberboard industry because of the rapidly increasing imports of these products from foreign countries, particularly Japan. I represent also the largest manufacturer of women's hat bodies in the United States. This concern is also greatly troubled over the importation of hat bodies, as they are presently coming in here primarily from Japan. Let me say that this is a field into which the Japanese manufacturer did not enter until 1934, starting on a modest scale and exporting in that year but 13,892 hats to this country. The extent to which they have developed in this field and have invaded our domestic market is shown by the table I herewith submit on imports of wool-felt hat bodies from Japan:

Year:	Number
1934.....	13,892
1935.....	2,703,514
1936.....	6,528,212
1937 (estimated).....	8,500,000

Japan has already displaced Italy as the leader in the markets of the United States for foreign hat bodies, and nearly 40 percent of the hats consumed in this country come from foreign shores. If imports from Japan in this respect continue at the present rate, with Japanese efficiency developed toward a better grade of products as it goes along, it is not hard to foresee what is going to happen to the hat industry of these United States if something is not done to stop it.

Time does not permit me at present to go into other subjects, such as the great volume of cotton goods from Japan, which has increased from less than a million yards in 1932 to over 100,000,000 yards in 1937. I am interested in all of these industries because they are the main source of employment for the people in the State from which I come, and to that end, as their Representative, I feel that the Government of the United States should give them the protection they need and have a right to expect in this distressing hour.

[Applause.]

Its nice "protection" if you can get it, to paraphrase the popular song, but you can't get it if you try.

#### RECIPROCITY A REPUBLICAN PRINCIPLE

As I have said before, I say again, and shall repeat it more than once:

All this talk about the Republican Party being opposed to reciprocity is propaganda or a red herring. Reciprocity is a Re-



publican principle. Reciprocity, I say—and that is just the reason why I, as one Republican, am opposed to these trade agreements. They are not reciprocal. The one with Canada was deliberately drawn in such a way as to do the people of my State, and I think of all New England, definite dollar damage; and it has been accomplished.

Our protests availed us nothing. We were outsmarted and out-traded.

#### THIS IS NOT RECIPROCITY

There is no reciprocity in such a program. There is no reciprocity in any program which makes the American people the goat any time or any place.

#### A VERMONT YANKEE KNOWS A "BLIND SWAP"

Every Vermont farmer can form his own opinion as to the real reciprocity found in the trade treaties by observing the list I am about to include, which shows only a few of the competitive agricultural products brought into this country during the last fiscal year. Here it is:

420,000 head of live cattle.  
150,000,000 pounds of meat, which included 62,000,000 pounds of pork and 85,000,000 pounds of beef.  
15,000,000 pounds of butter.  
66,000,000 pounds of cheese.  
10,500,000 pounds of dried and frozen eggs.  
181,000,000 pounds of wool.  
17,000,000 pounds of barley.  
78,000,000 bushels of corn.  
48,000,000 bushels of wheat (12,000,000 milled in bond for export).  
190,858,000 pounds of rice and rice products.  
73,822,000 pounds of tobacco, unmanufactured.  
434,000,000 pounds of barley malt.  
312,000,000 gallons of molasses, used in manufacture of alcohol.  
19,000,000 gallons edible molasses.  
6,600,000,000 pounds of sugar (3,300,000 short tons).  
14,000,000 pounds of potato starch.  
319,000,000 pounds of coconut oil (used in manufacturing butter substitutes).  
519,634,000 pounds of copra (from which coconut oil is extracted).  
360,000,000 pounds of palm oil (used in manufacture of soap).  
64,000,000 pounds of palm nuts and palm nut kernels.  
201,000,000 pounds of cottonseed oil (butter and lard substitutes).  
147,000,000 pounds of tung oil (used in the manufacture of paints).  
119,000,000 pounds of soybeans and soybean oil.  
45,000,000 pounds of peanut oil.  
48,000,000 pounds of forage crop seeds.  
41,000,000 pounds of garden and field seeds.  
551,000,000 pounds of vegetables of the common garden variety, including 59,000,000 pounds of dried beans, the latter accounting in large degree for the present low price of American beans.  
The foregoing figures are selected from a bulletin entitled "Forage Crops and Markets" issued weekly by the Bureau of Agricultural Economics of the United States Department of Agriculture, which also shows the facts to be that the competitive imports exceeded the agricultural exports, the value of American farm exports declining by 4 percent and "the value of imports of commodities similar to or substituted for those produced on American farms rose by 35 percent over the fiscal year of 1935-36."

This just does not make sense from the "reciprocal" standpoint. It obviously is prejudicial to the interests and welfare of the American farmer, laborer, and everybody else, for "the farmer feeds them all."

As Representative CARLSON, of Kansas, told you the other day: "When Congress delegated its authority to the President to negotiate, through the Secretary of State, reciprocal-trade agreements, we gave him practically unlimited authority; and under the most-favored-nation clause there is placed in operation a principle which works to the great disadvantage of the United States in the reciprocal-trade agreements. Under this provision, which is included in all of the trade agreements, all of the nations of the world, except Germany and Australia, receive the benefit of the same tariff reductions as are made to any one country."

#### THE FARMER IS HARD HIT

As he said:

"The farmers of the United States are not asking the embargoes or prohibitive duties, but they do believe that the American farmer is entitled to the American market. In fact, they believe they are entitled to the same assistance that is being given industry, finance, or labor. The farmers of America are interested in securing every dollar's worth of foreign trade possible, but at the same time they believe that the American market is the greatest market for their products. Our agricultural imports have reached staggering figures and our exports have diminished to a most alarming extent."

We all know that he stated the situation fairly when he called attention to the fact that—

"In the reciprocal-trade agreements with Canada the United States made extensive reductions on agricultural products. All of the other nations in the world, except the two mentioned, received the advantage of these same reductions, although they make no reductions whatever in articles going from this country to the several nations.

"The tariff on Canadian cattle coming into the United States weighing more than 700 pounds was reduced from 3 cents to 2

cents a pound. The tariff on dairy cattle coming into this country from Canada was reduced from 3 cents to 1½ cents a pound with quota restrictions. The tariff on calves weighing less than 175 pounds was reduced from 2½ cents a pound to 1½ cents a pound. These reductions, in accordance with the most-favored-nation clause, apply not only to Canada but to all the other countries of the world except Germany and Australia.

"Canada made some concessions in tariffs to the United States in the trade agreements, mostly on automobiles and machinery, but the other nations of the world receiving the benefits of our reductions made no concessions to this country at all. In my opinion, this is not reciprocity. The theory of reciprocity is that we reduce the tariff on certain articles produced in a foreign country coming into the United States which are not produced to any great extent in this country and the other countries reduce the tariff on their articles bought in the United States and going to foreign countries."

He gave you some interesting figures with reference to the importation of cattle and hogs. He showed that—

"Importation of cattle for the first 9 months of 1937 was valued at \$14,647,000. This is more than the entire importation for the year 1936, during which year we imported 399,113 head of cattle, valued at \$10,708,230. During the first 9 months of this year we imported 437,941 head, valued at the figure previously given. In 1933 this country imported 65,000 head of cattle, valued at \$572,000. Our exports of cattle are too small for serious consideration. In 1933 we exported 2,912 head, valued at \$192,000.

"These cattle were largely for breeding purposes.

"In the first 9 months of 1937 we exported 2,943 head of cattle, valued at \$336,512, as compared to the imports of \$14,647,244 in 1937.

"Imports of live hogs go from 29,000 in 1932 to 17,446,457 pounds in 1936 and to 15,763,411 pounds in the first 9 months of 1937. The value of live-hog imports in 1932 was \$2,000, and for the year 1936 the value of live hogs imported was \$1,453,841, and for the first 9 months of 1937 the importation of live hogs was \$1,463,097. Using an average weight of 200 pounds per head, it would mean that we imported 87,232 head of hogs in 1936, and should they average 60 head to a carload, it would mean 1,454 carloads, or 200 trainloads of 70 cars each. Using the same basis for the first 9 months of 1937, we have imported 1,314 carloads of hogs.

"With recent serious declines in hog prices, the farmers are seriously wondering if this large importation of hogs has not had a detrimental effect on local prices."

#### GRANITE BUSINESS HIT HARD

As you know, one of the trade agreements entered into was with Finland. It seriously and ruinously affects the granite industry. It has already put hundreds if not thousands of men out of a job, and its effects will continue to be, and to increasingly become, disadvantageous to employers and employees.

What the trade treaty with Finland has done to New England granite is just too bad.

#### FINLAND GRANITE CHEAP

Under the most-favored-nation clause of the reciprocal-trade agreement with Finland the duty rates on both rough granite and manufactured memorials has dropped, to the benefit of all foreign exports, to a level which entirely fails to protect the American workman, and it is anticipated that the situation during the coming memorial season—April, May, and June—will be very serious from the standpoint of its effect on sales of domestic granite, with consequent adverse effect on the employment situation.

From the American Granite Association I learn that from figures they just received from the advance proofs covering 1936 importations, as compiled by the United States Department of Commerce, it is shown that during that year importations from Finland of unmanufactured granite aggregated 13,772 cubic feet, valued at \$16,214; those from Sweden amounted to 17,421 cubic feet, valued at \$34,760; and those from Canada consisted of 9,488 cubic feet, valued at \$7,101, presumably chiefly base stock.

For the same period Finland sent us 14,019 cubic feet of manufactured granite, valued at \$56,030, with all other countries negligible on this item of finished memorials.

These figures also show that from the standpoint of value of merchandise landed during 1936, the following customs districts lead in the importations:

Massachusetts	\$42, 136
Philadelphia	35, 898
New York	21, 748
Oregon	8, 309
Maryland	6, 151

Out of a total of \$130,920 imported into the United States during 1936, landed valuation.

#### WIDESPREAD UNEMPLOYMENT IN GRANITE BELT

Anyway it is a fair assumption that the granite quarries and manufacturing plants of New England would be working full time today if the reciprocal-trade agreement with Finland were not in effect. As it is, only about one in five is working. It is a fact the trade agreement with Finland is responsible for widespread unemployment amongst quarry workers and granite cutters throughout the United States.

#### THE BRITISH TRADE TREATY

As to the trade agreement presently to be entered into by the United States with the United Kingdom. This I say should be given close attention and viewed with concern by many, if not most of the New England industries and those employed by them, and by others of you Members of Congress whose industries are or will be similarly prejudiced.

With the listing of those articles which will come under consideration for the possible granting of concessions we find a virtual manual of products manufactured in our small New England villages and towns. Should substantial downward revision of the tariffs on the products mentioned be the result of these negotiations, as is suggested may be the result, the consequent chaos caused to the employment status of thousands of employees in the New England area alone will be startling as well as destructive.

#### WOOLEN INDUSTRY FACES ABSOLUTE RUIN

If the tariffs on woolen products listed should be lowered substantially, to cite but one of many examples, this may be the coup de grace, and we will find hundreds of our small industries, upon which the welfare of countless small New England communities have depended, forced to close up shop. This industry has been in the doldrums for 2 or 3 months, due to a variety of causes, among which might be mentioned the taxes levied by the Government, including the malignant, pernicious, undivided-surplus tax saddled on them by a government subject to vacillating direction, and the iniquities of a few offenders causing restrictive measures to be placed on all business, with a consequent destruction of all business confidence.

This industry now sees that it may have the present tariff on goods it manufactures substantially reduced, thus to let in a flood of foreign-made goods in direct competition with theirs—in addition to the shoes from Czechoslovakia to add insult to injury—products manufactured by considerably lower paid labor accustomed to a much lower standard of living, subject to much longer working hours throughout the British Colonial Empire. Yet, our woolen people, employers and employees, are not asking for nor advocating higher tariffs on woolens; they do strenuously insist, I am sure, that enough tariff be kept on their products to insure continuance of the present American standard of living and guarantee the continuance of their businesses.

I envision the proposed agreement as being of serious importance to the many New England and Vermont industries involved and find that my concern is well founded, as evidenced by replies had to my recent communications to them.

#### THE INDUSTRIES TO BE AFFECTED

The northern New England veneer and plywood and wood-novelty people are as deeply concerned as are the woolen people; so, too, are the employers and employees of manufacturing establishments engaged in the production of the following products:

Cotton manufactures; woolen manufactures; blankets; carriage and automobile robes and steamer rugs; woven fabrics of various types and kinds; pile fabrics; toweling; sheets and pillowcases; shirts, collars, and cuffs; handkerchiefs and mufflers; hose and half-hose; underwear and outer wear; clothing and wearing apparel of every description; carpets, rugs, and mats; textile, embroidery, knitting, braiding, lace braiding, insulating, cordage, candy cutting and wrapping, wrapping and packing machinery; drawing paper; hanging, filtering, unmounted stencil paper; handmade and machine-handmade paper; paper envelopes; blotting paper; welt process shoes, boots, or other footwear of leather; gloves of leather; saddlery and harness; leather articles of many varieties and types; veneers of wood; furniture wholly or partly finished; table and

kitchen utensils; doors of wood; golf clubs, tennis rackets, table-tennis bats, golf tees, and a variety of implements and devices used in sport; machine tools; agricultural hand tools including forks, hoes, rakes, scoops, shovels, spades, and drainage tools; cuttings, seedlings, and grafted plants or budded plants or evergreen ornamental trees, shrubs, or vines and all other nursery or greenhouse stock; fishing rods and reels; artificial flies, snelled hooks, leaders or casts; bicycles; motorcycles; motorboat engines; steam engines; and a host of other articles too numerous to mention, but all of which are of particular importance.

#### AFTER THE HORSE IS STOLEN

While it is true that the amendment to the Reciprocal Trade Agreements Act as proposed by Senator O'MAHONEY to which I have referred will permit an inspection of the proposed trade agreement for at least 30 days, this inspection could be had only after the negotiations are completed—after the horse is stolen. There is no provision to the effect that the trade agreements must be ratified by the Senate before becoming effective; the amendment only provides that the trade treaties negotiated shall not become effective until they have been filed with Congress for at least 30 days after their negotiation.

It puts Congress on record as asking the State Department to please let it know what it has done with the power and authority which Congress has abrogated, and as to what the contents of the proposed trade agreements are after the people of the country are tied hand and foot by an agreement already entered into and consummated.

When the President has made his proclamation that is a declaration that the negotiations are at an end. The only thing the amendment would do would be to limit the time within which the agreement would be unenforceable.

Possibly it is true that by reason of the publicity which it is sought to give the negotiations by reason of this 30-day interim the State Department would be more likely to pay attention to the petitions and representations and arguments of the Members of the Senate and House of Representatives in the interest of industries of the people whom they represent.

If it were to accomplish this result, it would have done a great deal, because everybody knows, as Senator BORAH has said in substance:

The commodities enumerated as the possible subject of consideration are not to a certainty the commodities which will be considered. They may or may not be considered; certain ones of them may be considered, and certain others may not be considered. As it is people come here from all parts of the country who do not know upon what subject they are to present evidence. They do not know whether or not the matters upon which they give evidence are those to be considered or not.

Senator O'MAHONEY, in explaining what happens with respect to the negotiation of these agreements, said:

#### SECRET NEGOTIATIONS

Mr. O'MAHONEY. Mr. President, what is done is this: The negotiations take place in secret in the Department of State. Certain clerks down there inevitably become acquainted with what is going on; and some members of some industries learn what is being done and what is proposed to be done; and the air is filled with rumors, and fear is spread broadcast throughout the land as to what is going to happen.

Mr. BARKLEY. I cannot agree with the comprehensive statement the Senator has made.

Mr. O'MAHONEY. Mr. President, I have been fighting in behalf of the wool industry ever since the announcement was made with respect to the proposed agreement with the United Kingdom, and the evidence has come to me in my office from all quarters of the country where wool is a matter of public interest, either as a raw commodity produced upon the backs of sheep or a commodity to be used in the manufacture of textiles, that there is tremendous alarm. I am trying to alleviate that fear, and the only way to alleviate it is by the assurance that there will be complete publicity.

So much for the way these trade treaties are negotiated.

#### THE TREATY-MAKING POWER

Right here and now before I forget it, I propose to call your attention to a speech made in Congress by Mr. Pinckney in January 1816. A speech, Mr. Speaker, or an oration, if you please, than which none ever made in Congress is more renowned, or has more often been quoted. A powerful exposition of substantive law. Mr. Pinckney, one of the greatest



statesmen in the days of great statesmen, discussed the treaty-making power of Congress, in reference, please note, to a commercial treaty with Great Britain. It is presumptive for me to say it, but I have read this oration over and over, and have taken it as my rule and guide of faith as to what the law respecting the treaty-making powers of this Government really is or should be. I cannot believe he was wrong when he said:

The Constitution has declared that whatsoever amounts to a treaty, made under the authority of the United States, shall immediately be supreme law. It has contradistinguished a treaty as a law, from an act of Congress as a law. It has erected treaties, so contradistinguished, into a binding judicial rule. It has given them to our courts of justice, in defining their jurisdiction as a portion of the *lex terrae*, which they are to interpret and enforce. In a word, it has communicated to them, if ratified by the department which it has specially provided for the making of them, the rank of law, or it has spoken without meaning. And if it has elevated them to that rank, it is idle to attempt to raise them to it by ordinary legislation.

Upon the extent of the power or the subjects upon which it may act, there is as little room for controversy. The power is to make treaties. The word "treaties" is nomen generalissimum and will comprehend commercial treaties, unless there be a limit upon it by which they are excluded. It is the appellative, which will take in the whole species if there be nothing to narrow its scope. There is no such limit. There is not a syllable in the context of the clause to restrict the natural import of its phraseology. The power is left to the force of the generic term and is therefore as wide as a treaty-making power can be. It embraces all the varieties which it could be supposed this Government could find it necessary or proper to make, or it embraces none. It covers the whole treaty-making ground which this Government could be expected to occupy, or not an inch of it.

#### ANOTHER ANGLE

Now let us look at the matter from another angle. Let us consider the efficacy of these trade agreements. This angle of the situation seems to have escaped the notice of proponents of trade treaties. While they understand ships are required to carry goods between nations, apparently they have lost sight of the fact that money is equally indispensable as a conveyor of commerce. Someone has said they do not seem to realize our international flow of the dollar controls our international volume of trade. And that the contraction of our foreign trade was directly caused by the contraction of our domestic dollar flow. The fact is trade cannot be conducted without an adequate flow of the dollar, and when this flow is inadequate every attempt to bring about an increase of commerce will not only fail but will add to the existing confusion and distress.

#### STILL ANOTHER SLANT

Then here is another thing about it, which must be obvious to the practical minded, and that is that recovery cannot be initiated through these trade treaties; or, in other words, by attempting to "make the tail wag the dog," as the President attempted recently to so lucidly illustrate his point.

The indisputable fact is that the resuscitation of foreign trade will be the result of, and will follow after, and cannot and will not precede a domestic increase in industrial production and employment. It is popular in some quarters to suggest and to believe that prosperity will be regained through and by means of a direct revival of our external commerce.

This notion, it seems to me, is based on a mistaken understanding of the fundamental economics which are involved. There are a great many people in this country today who still think that a favorable trade balance of \$600,000,000 means our national wealth has increased to that extent and by that sum. They also are of the opinion that if the balance were unfavorable to that amount and extent, that such sum would measure the decrease in our national wealth. They do not understand what favorable and unfavorable mean when applied to trade balances, if so they would not assume the position which they do.

#### GLORIOUSLY IDEALISTIC POLICY

It is brutally and frankly true that the policy of this administration which has been followed, while it is gloriously idealistic insofar as its negotiation of trade treaties is concerned, has served only to worry business—big and little—

to block initiative and stop the expansion of industry, and has contributed to the unemployment situation. And with its resultant ruinous competition with other nations has been the breeder of hate and war, contrary to the expectation of its proponents, for the theories and ideals are as vain as they are dangerous. Vain, because it is axiomatic that no nation can sell more than it buys, unless, of course, it wishes to accumulate a needless surplus of gold, which accumulation would add nothing to the standard of living of the possessor; and dangerous because it is the genesis of armed conflict.

#### GREED, GOLD, AND GLORY

Every attempt which has ever been made for territorial acquisition and expansion has had its origin principally, or in part at least, in the greedy grasping for trade that was to follow and the profits which were to ensue.

Greed for territory, for gold, for gain, and for glory is at the bottom of this war-worn world's troubles.

These nations involved in the European embroglio will have to fight in order to maintain their national unity and integrity. Self-interest always has been and always will be the deciding factor. Self-preservation is the first law of nature, and it is the same today as when Napoleon rocked the monarchies of Europe and Caesar massacred 25,000 Germans in a day and left the melancholy memorandum, "Caesar's legions killed them all."

Human nature of today—

Says Hudson Maxim—

will be the human nature of tomorrow, and the human nature of tomorrow will be in all essentials the same as it was in ancient Rome, Persia, Egypt, and even in the palmy days of sea-sunk Atlantis.

#### HUMAN NATURE

No plan has been promulgated which will change human nature or bring about the millenium by contract. No covenant which has ever been made or will ever be entered into between and among nations will prove a perfect panacea for, or perfect preventive of, war.

In trade agreements heretofore negotiated since the beginning of time and in trade agreements hereafter to be negotiated with their concomitant ramifications will always be involved man's irrepressible greed, and the cause for most of the ills which the world has suffered and will have to endure.

#### CUT A MAN'S THROAT TO STOP A NOSEBLEED

As a panacea for and preventive of war trade treaties work out just as efficaciously as between nations as does the idealism and good intent as between individuals when it is deemed best to cut a man's throat in order to stop his nosebleed. [Applause.]

Mrs. O'DAY. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. BIGELOW].

#### TOO SIMPLE FOR CONGRESS

Mr. BIGELOW. Mr. Chairman, I would like first to comment briefly on the President's message, just read, asking for increased armaments, and on what seems to me the inadequate appropriation for relief in the District of Columbia, provided in the District appropriation bill under discussion.

The President has asked for increased expenditures on certain items which relate without question to defense only. For such increases, I shall vote without hesitation.

#### WHAT FOR, MR. PRESIDENT?

But the President's request for two more \$70,000,000 battleships, besides the two for which we voted last week, and his additional request that the whole Navy-building program be upped 20 percent, seems to me to be justified only on the theory that we intend to join with the British and French Navies to police the globe. If this is what the American people want, we should vote for it. But do the people want this? It will take a good deal to remove my doubt on this score.

Right now, by rejecting this part of the President's proposal may be our only hope of keeping the United States out of the next world war.

## ARE WE THIS CALLOUS?

On the question of relief for the people of the District of Columbia, I shall vote for an amendment, which I understand is to be offered, raising the appropriation at least a million dollars. The Biggers report shows that there are in the District 37,600 totally unemployed persons, 12,164 partly employed, and 9,760 who are employed only because the W. P. A. has made jobs for them.

The number of men, women, and children in the families of these unemployed persons must equal something like a hundred and twenty-five or a hundred and fifty thousand.

The relief administration in the District is working under the rule that no matter what the distress and the need may be, no help whatever is given to any family in which there is an employable person. If a man is able to work, and is out of a job, that cuts his family off from any possibility of relief.

So starved is the relief administration for funds that it cannot consider applications for relief except in the case of the unemployables and their families.

No words, it seems to me, could be too severe to condemn the callousness of a Congress that would leave this community, for which we are responsible, in this plight.

2 X 2 = 5

I see on the floor, my very good friend, the lone Republican from southern Ohio, Mr. JENKINS. As a Democrat, may I say that if we have to have a Republican Governor in Ohio the next 2 years, I should be very well satisfied if it were my friend JENKINS. [Applause.] Some years ago, in his town of Ironton, there was a great excitement. Everybody was down on the river front to see what was going to happen. They were building a bridge over the Ohio River. They had started from both banks, and now the time had come when the question was, Would these girders meet, as they were intended to meet, out there over the middle of the river? It was an exciting moment. The girders did meet, and so we have the bridge. If the engineers in all their figuring on that job, had said that 2 times 2 equals 5, the girders would not have met.

## A FORGOTTEN BOOK

Whenever you have a fallacy in your reasoning, you are bound to get bad results. There is, I believe, a fallacy in our reasoning on the subject of property and property rights and it is because of this fallacy that we have the bad results we are getting in our social and economic life.

I have in my hand a little book, a forgotten book. It was hailed as a classic when it was written a hundred years ago. Thomas Carlyle praised it. The philosophers of the time recognized its value. Charles Sumner, of Massachusetts, had many copies of it distributed here. This book was written by a Scotchman, Patrick Edward Dove. The title of the book is Human Progress. It is a fascinating essay, a philosophical treatment of the subject of democracy.

There is elaborated in this book, published a full generation before Henry George, a theory of property rights which I think exposes the fallacy on which we are operating today.

## WHO PRODUCED THE LAND?

There is laid down the proposition that the right of ownership is based on creation. A man owns that which he creates. The earth itself is not the creation of man. There is a common or collective right to the earth which does not attach to property that is individually created. Yet it would be impossible to divide the earth up and give each one his equal share. It was proposed, however, 25 years before Progress and Poverty was published, that this common interest in the earth be secured by the appropriation of ground rent for the support of government, in lieu of taxes upon property. It was the contention that for common needs, communities should live on the annual values of land created by the presence of the community.

## GIVE US A CHINESE PUZZLE

Now, I suppose the simplicity of this plan of taxation is what makes it so incomprehensible to the Members of this

House. If it were as much of a Chinese puzzle as the tax bill that the Ways and Means Committee is soon going to report to us, if it were as mysterious and hard to understand as our present tax muddle, then I suppose we would all be for it. Being beyond our comprehension, we assume that it must be right. [Laughter.]

## GET THE CHILDREN TO FIGURE IT

What we have is a simple little problem in primary-school arithmetic. We raise for the support of the District of Columbia \$20,000,000 a year by a tax of \$17.50 a thousand on real estate. The average assessed value of residence dwellings in the District is a trifle under \$6,000. The owner of a home of this value pays an annual real-estate tax of \$104.

We have broken down for us on the assessors' books the total real-estate assessment of over a billion dollars into land values separate and apart from improvement values. In round figures the land value under private ownership, subject to taxation in the District of Columbia is five hundred millions, as compared with seven hundred millions, the value of taxable improvements upon land.

Land and improvements being lumped together for taxing purposes, it takes a tax levy of 1 3/4 percent on these combined values to yield the required revenue of twenty millions a year. If we were to ignore the buildings, and raise the same amount of revenue by a levy upon the land value alone, the rate would be 4 percent.

Now, which would you rather do, pay 1 3/4 percent on the value of both house and lot or 4 percent on the value of the lot alone? I suppose this is too big a problem for a Congressman to solve, but if you would ask your 8-year-old boy or girl at home to figure it out for you you would find that on this average near \$6,000 home in the District the present tax comes to \$104 a year, while a 4-percent tax on the lot value would be about \$80 a year.

## PARKING-LOT TAX DODGERS

Why is it that we cannot get the Members of this House interested in this change, which would reduce by 20 percent the annual tax burden of all small home owners in the District?

Note, if you will, other important effects of this change besides that of reducing the tax burden of the small home owner. Here is a man who has a valuable lot and a fair improvement on the lot. He figures that he can make more money tearing his building down to save taxes and rent the space for parking automobiles. Under the present system of taxation the community loses the revenue of 1 3/4 percent on the building value.

If the tax rate had been 4 percent on the land value and nothing on the building no revenue would be lost to the community, even though the house was torn down.

## HIT HIM WITH A TAX IF HE DOES

Then let us take the case of an owner who has a valuable lot and an indifferent improvement on the lot. He calculates that he could probably better his situation by tearing the old building down and putting up a new structure if the community would not penalize him for this improvement by raising his taxes. But in view of the fact that the community would penalize him if he went ahead with the improvement, he gives up the idea. In that way we discourage by taxation the very thing we want, improvement, new wealth, and employment. If taxes were levied against land value alone the increased tax on the land would be a stimulant to improvement. A premium would be put upon improvement, both by the exemption of the improvement from taxation and by the increased pressure of taxation on those who hold land idle or underimproved. This change in the incidence of taxation by the encouragement of improvement would cheapen the cost of homes and reduce rents.

## BRING US A PRESENT FROM AUSTRALIA

This is the plan of taxation on which Canberra, the capital of Australia, depends. Land value is made by the presence of the community. Under this plan the community lives on what it itself creates, and because it does it does not need to



exact from private individuals any portion of their own earnings.

I am very much disturbed by what may be the significance of the presence of three of our battleships at this time in the harbor of Sydney, Australia. We borrowed from Australia our Australian ballot system. I wish those battleships would come home and stay home, but I wish they might bring back with them and sell to this Congress this enlightened tax plan of the capital of Australia.

Mr. MARTIN of Massachusetts. Mr. Chairman, I yield 15 minutes to the gentleman from Illinois [Mr. MASON].

Mr. MASON. Mr. Chairman, I think I shall stand on this side of the aisle, because the faces on this side look a little more benign and, perhaps, the people on this side need the message I expect to give.

Before I begin my indictment of the New Deal for its record on civil service, in order to avoid any misunderstanding about the person or persons against whom I expect to bring this indictment, I want to make this statement, and I make it in all sincerity.

The gentleman from Georgia [Mr. RAMSPECK], the chairman of the Committee on the Civil Service of this House, in my opinion, has done everything that one man can possibly do to protect and promote civil service in this Nation, and to carry out the pledge of the Democratic Party on civil service. So my indictment is not to be applied to the gentleman from Georgia, nor his Civil Service Committee, but it is to be applied to the majority party in this Congress and to those high governmental officials that I shall name in the indictment.

Mr. WALTER. Mr. Chairman, will the gentleman yield? Mr. MASON. No; my time is too limited.

I propose to use the time allotted to me today to discuss an almost forgotten dream; a dream that had its inception in this Nation 55 years ago; a dream that has been dreamed by millions of American citizens; a dream that has brightened at times, and faded at other times; a dream that some of us still hope and pray may come true; a dream, however, that has faded very rapidly and decidedly during the past 5 years. It is the dream of an efficient, all-embracing civil-service system in actual operation; a system worthy of being called a merit system; one that will actually provide a career for all ambitious young people entering the Government service, irrespective of party affiliation.

As a candidate for Congress 2 years ago I went on record as follows:

I stand for the merit system in Government service instead of the present wasteful, inefficient spoils system. Our most promising young people should be able to look forward to an honorable career in Government service, and prepare for it as they do in England. We should have well-trained, efficient Government employees instead of the present inefficient, untrained pay-roll employees, that change with each administration.

After my election to Congress, because of my interest in civil service, I asked for a place on the Civil Service Committee of the House, but was not fortunate enough to be assigned to that committee. Being interested in the subject of civil service, however, I have watched with dismay the constant tendency of the majority party to disregard our civil-service law, by writing into new laws provisions that exclude the personnel required for the operation of the law from civil-service requirements. The aim seems to be to nullify in every way possible our civil-service program. Because of my dismay and disappointment over the present trend in Congress away from civil service, I have gone to some trouble to prepare this brief analysis of the situation confronting the Nation with regard to civil service.

#### HISTORY OF CIVIL SERVICE

Mr. Chairman, it was President Jackson who first instituted what is known as the spoils system, which is the exact opposite of the merit system. Jackson's Secretary of State, Van Buren, brought with him into the Federal Government the political spoils system then existing in New York. Van Buren's slogan was, "To the victor belongs the spoils." Since instituted by Jackson a little over 100 years

ago, the spoils system has dominated all Government service—Federal, State, County, and City. In fact it seems to have become an inherent part of our party system of government. It is the Frankenstein that throttles nearly every effort to obtain efficiency in Government service.

The first attempt to institute civil service in Government affairs in this Nation was in 1883 when Chester A. Arthur signed the first Civil Service Act. Civil service was instituted at that time largely as a result of the untimely death of President Garfield, killed by a disappointed, half-crazed office seeker. Since then civil service has had its ups and downs, reaching an all-time peak of 82.9 percent of the 563,487 Federal employees in 1933, but slumping again to 63.2 percent of the 841,664 Federal employees in June 1937.

#### THE UPS AND DOWNS OF CIVIL SERVICE

A table taken from the Annual Report of the Civil Service Commission of March 1933, entitled "Employees of the Executive Branch, 1884-1933, Exclusive of Military," shows, by years, the total number employed, the number of civil-service positions, and the percent of those in civil service to that total. The table is illuminating because of the encouraging trend that it shows.

#### Employees of the executive branch, 1884-1933 (exclusive of military)

Annual reports, Civil Service Commission	Total number employed	Number in civil-service positions	Percent of civil service to total
June 30, 1884.....	131,208	13,780	10.5
June 30, 1894.....	180,000	45,821	25.5
June 30, 1904.....	301,000	154,093	51.2
June 30, 1913.....	443,605	282,597	63.7
June 30, 1916.....	438,057	296,926	67.8
Nov. 11, 1918.....	917,760	642,432	70.0
June 30, 1923.....	515,772	411,398	79.8
June 30, 1924.....	521,641	415,592	79.7
June 30, 1925.....	532,798	423,538	79.5
June 30, 1926.....	528,542	422,300	79.9
June 30, 1927.....	527,228	422,998	80.2
June 30, 1928.....	540,867	431,763	79.8
June 30, 1929.....	559,579	445,957	79.7
June 30, 1930.....	580,494	462,083	79.6
June 30, 1931.....	588,206	468,050	79.6
June 30, 1932.....	583,196	467,161	80.0
Mar. 3, 1933.....	563,487	467,272	82.9

This table shows that from June 30, 1884, to March 3, 1933, the percent of Government employees in the civil service rose from 10.5 percent to 82.9 percent.

Another table entitled "Employees of the Executive Branch, 1933-37, Exclusive of Military" shows the total number employed, the number in civil-service positions, and the percent of civil-service personnel to the total employees for each of those years. This table also is illuminating because of the discouraging trend that it shows.

#### Employees of the executive branch, 1933-37 (exclusive of military)

Annual reports, Civil Service Commission	Total number employed	Number in civil-service positions	Percent of civil service to total
Mar. 3, 1933.....	563,487	467,272	82.9
June 30, 1933.....	572,091	456,096	79.7
June 30, 1934.....	673,095	450,622	66.9
June 30, 1935.....	719,440	455,264	63.3
June 30, 1936.....	824,259	498,725	61.0
June 30, 1937.....	841,664	532,073	63.2

This table shows that under Mr. Roosevelt's administration and under the spoils philosophy of Mr. Farley, the percentage of civil-service employees in Government dropped from 82.9 percent to 63.2 percent.

Evidence as to the ill fortune the civil service was to suffer under the Roosevelt administration came very early after the New Dealers rose to power. From March 4 to June 30, 1933, President Roosevelt took advantage of the Economy Act to reduce the civil-service personnel by 11,176. In the same period of less than 3 months Mr. Roosevelt used the emergency acts to increase the non-civil-service group by 19,780 individuals. In the 4½ years from March 3, 1933, to June 30, 1937, the executive branch pay roll was increased

by 278,177 persons, of whom only 64,801, or 23.3 percent, were appointed under the merit system. These figures do not bear out Mr. Roosevelt's repeated protestations of his intentions to extend the merit system "upward, outward, and downward."

#### OUR PLATFORM PROMISES

Mr. Chairman, both party platforms in the campaign of 1936 definitely and equivocally promised to carry out a real merit system, as shown by the following quotations:

The Democratic platform: For the protection of government itself, we pledge the immediate extension of the merit system through the classified civil service—which was first established and fostered under Democratic auspices—to all non-policy-making positions in the Federal service. We shall subject to the civil-service law all continuing positions, which, because of the emergency, have been exempt from its operations.

The Republican platform: Under the New Deal official authority has been given to inexperienced and incompetent persons. Civil service has been sacrificed to create a national political machine. As a result the Federal Government has never presented such a picture of confusion and inefficiency. We pledge ourselves to the merit system virtually destroyed by New Deal spoliemen. We will provide such conditions as offer an attractive, permanent career in Government service to young men and women of ability, irrespective of party affiliation.

The Democratic platform statement upon the subject of civil service is a definite pledge to extend the merit system to embrace all Government positions that are non-policy-making. There is no honorable way to evade this definite pledge, yet it has been evaded by the present Congress. The Republican platform statement upon the subject of civil service is a definite pledge to restore, extend, and improve the merit system. The citizens of this Nation by their votes placed the responsibility to extend and improve the merit system squarely upon the shoulders of the leaders of the present majority party and gave its elected officials a mandate to carry out its pledges. This has not been done. This Congress, as shown by the record it has made thus far, has practically repudiated the pledges made in both party platforms upon the important subject of civil service.

#### THE EMERGENCY EXCUSE

Mr. Chairman, one excuse used more often than any other by the present administration to meet criticism of its course in permitting this decided recession in the civil-service system is that so much of the New Deal government is an emergency set-up. However, it is significant in the history of the rise of the civil service that even during the great emergency of the World War our emergency civil employees were as far as possible appointed under the merit system. At the time of the armistice, November 11, 1918, out of the 917,760 civilian employees, 70 percent of them were under civil service. With the demobilization of the World War organizations the proportion of civil-service workers increased to around 80 percent, and remained at that figure until March 1933. With the onslaught of the depression, Government forces were reduced. But it is a significant fact that under President Hoover these reductions were made from the non-civil-service group, with the result that on March 3, 1933, of the total number of employees in the executive branch, 82.9 percent were under civil service.

A recent instance of the fallacy and falsity of the argument of emergency set-ups being the reason for excluding Federal employees from the requirements of the Civil Service Act is found in the agricultural bill, which is now in conference. Section 407 of the agricultural bill, which is a permanent measure, is so worded as to make the selection of personnel by the Agricultural Department subject to the provisions of law applicable to the appointment and compensation of personnel employed by the Agricultural Adjustment Administration. Those provisions in the old A. A. A. were that the personnel should be selected without regard to civil-service requirements and without regard to the Classification Act.

Other glaring examples of the disregard of civil service are to be found in laws establishing the National Bituminous Coal Commission, the Farm Security Administration, and the United States Housing Authority. All three of these

agencies are permanent establishments and are very largely exempt from the operation of the civil-service law. These examples demonstrate the utter lack of justification for, and the absolute inconsistency of, the emergency alibi.

#### ROOSEVELT'S REORGANIZATION PLAN

Mr. Chairman, there is now pending before the Congress a measure sponsored by President Roosevelt, which, if approved by the national legislative body, will be the greatest single step toward the ultimate and absolute destruction of the civil service that has been taken since the merit system was first introduced into our American Government. That measure is the President's Government reorganization bill. The President and his advisers in that bill recommend the abolition of the Civil Service Commission. The report of the President's committee criticizes the Civil Service Commission, brands it as unsuited to the work of a central personnel agency, and asserts that the commission form of organization is "slow, cumbersome, wasteful, and ineffective in the conduct of administrative duty." This special committee also charges that "board members are customarily laymen and not professionally trained or experienced in the activities for which they are responsible."

A Civil Service Commission composed even of laymen not "professionally trained or experienced in the activities for which they are responsible" is infinitely preferable to having no civil service, or to having a civil service administered by political spoliemen "professionally trained and experienced in the activities for which they are responsible"—which means placing faithful henchmen in responsible and important positions in the Government, where those henchmen operate purely from the standpoint of the spoils system, and from the standpoint that government administration is political pie to be passed out to party workers as rewards for faithful service, instead of being regarded as vital activities affecting the welfare and the very destiny of this Nation. This is the very condition that prevails today in government service, and it is NOT the fault of the Civil Service Commission.

Under the Government reorganization plan, in the place of the Civil Service Commission, a single civil-service administrator would be set up, to be appointed by the President, by and with the advice and consent of the Senate, but with this highly dangerous provision—that this administrator would be removable by the President at will. Under that arrangement the civil-service administrator would not dare do anything displeasing to the President, since by so doing he would court dismissal at the hands of the Chief Executive. No other conclusion can be drawn from this proposed measure except the one that Mr. Roosevelt desires to extend his personal power and control over the merit system of government. Certainly this proposed act would accomplish exactly that result. A civil-service administrator removable at will by the President would be merely a tool to do the President's bidding.

#### INDICTMENT BY NATIONAL CIVIL SERVICE REFORM LEAGUE

Mr. Chairman, the National Civil Service Reform League, in its proceedings during its fifty-fourth annual meeting in 1936, very frankly declared that—

At no time since the adoption of the original civil-service law has there been so much public agitation for the application and extension of the merit system as today. The Congress, however, has utterly failed to recognize this demonstration as a mandate from the public, because constructive personnel legislation that has been before the Congress has received no more than cursory attention. . . .

And also, quoting again—

Although the President has often assured the league of his devotion to the merit system, such assurances have not been fortified by insistence that constructive measures affecting the civil service be immediately enacted. Nor has he taken public notice of Cabinet defiance of its principles. We fear, also, that the failure of the President to take Executive action against demonstrated instances of partisan mismanagement of important branches of the service, or assessments of public employees for campaign contributions, must lead inevitably to the belief that he acquiesces in the actions of the Postmaster General, and other members of the administration similarly bent toward the patronage system.



In the phrase "acquiesces in the action of the Postmaster General" is to be found the real cause of our present civil-service mess.

Mr. ROSSON of Kentucky on last January 28 summarized the record of the New Deal on the subject of civil service wonderfully well, and I close with his statement:

No administration since the days of Andrew Jackson has done so much to break down the merit system and civil service, and to resurrect the spoils system as the present administration.

Mr. GIFFORD. Mr. Chairman, will the gentleman yield?

Mr. MASON. Yes.

Mr. GIFFORD. I congratulate the gentleman and ask him if he is willing to have me inject into his speech the statement that it is a struggle now between two great forces—civil service versus Farleyism. If the gentleman would like to reinforce his argument, read in this February issue of the American Mercury The Confessions of a New Dealer, and we will more fully understand the seriousness of the degenerate doctrine of Farleyism.

Mr. MASON. I thank the gentleman.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. MASON. Yes.

Mrs. ROGERS of Massachusetts. In many ways the civil service is a great protection to everybody, including Members of Congress. Does the gentleman remember that President Garfield was assassinated by a spoils seeker?

Mr. MASON. Yes. I have referred to that.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mrs. O'DAY. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. AMLIE].

Mr. MARTIN of Massachusetts. Mr. Chairman, I yield 10 additional minutes to the gentleman from Wisconsin.

Mr. AMLIE. Mr. Chairman, I wish to discuss the provisions of the so-called Industrial Expansion Act, H. R. 7318, introduced last summer by Congressman ALLEN of Pennsylvania, Congressman MAVERICK, Congressman VOORHIS, and myself. This bill represents the point of view which I think today is entertained by a large number of people in this country, and I might also say by a substantial part of the progressive membership of this body.

Last December the American Economic Association held its annual convention at Atlantic City. My brother-in-law attended as a member of that body and gave one of the papers. While I was at home during the Christmas holidays I asked him what had impressed him most about this meeting of economists, and he told me he had been most impressed by the fact that the papers given were given by young men; that most of them indicated that confidence must be restored so that businessmen could again take the initiative in bringing back employment and an upturn in economic conditions; but the older men, who had long been recognized as the leaders in the field of economics in this country, had nothing to say. He said that they preferred not to be on the floor and hear these papers read; that they preferred to stay in groups in their hotel rooms, and that in effect their attitude was:

We know that the economic system has broken down; that the old system of laissez-faire will never function again. We have the intelligence to know that; but, as scientists, we have the integrity not to get up here and read papers that we do not believe, and so for that reason we are letting the young men read the papers at this convention, and so far as we are concerned we prefer to take no part in the discussions. If we were to talk frankly about the economic situation as we see it, we would only endanger our jobs.

I think perhaps that is the feeling of a large part of the membership of this body. I think we recognize today that more than half of the gains that have been achieved by the New Deal since 1933 have been wiped out. I think we realize that there are probably between twelve and thirteen million people today who are wholly unemployed, and probably six or seven million more who are working on a part-time basis.

I do not believe there is any solution for our economic problems in any of the approaches that have been attempted by the New Deal. I think they have accomplished much good. While I have been a member here I have in the main supported all of the New Deal projects and proposals, and as between doing nothing at all and supporting the New Deal proposals, I shall continue to support them. However, along with a large number of the American people I believe that we have in this country the raw materials, the skilled manpower, the machinery of production, and the technique of production, that would enable us without any difficulty to turn out a total annual output, in terms of goods and services, of anywhere from \$90,000,000,000 a year up to possibly \$135,000,000,000. Surveys made by reputable research organizations show that they agree that we could increase our total output of goods and services anywhere from 20 percent to 40 percent over what was achieved in 1929. In the Industrial Expansion Act the authors have tried to outline a general program for stepping up output all along the line in American industry. I think that most of us here recognize that if we were to give all of the American people the food they really need, we should probably have to put 50,000,000 acres into cultivation rather than taking 50,000,000 acres out of cultivation.

I think we recognize that if all the American people were to be given all the cotton cloth they could use for clothing, bedding, towels, or any other purpose around the home, we could use the total output of cotton that we now produce and have been producing year after year. On the other hand, if we are to reduce that output to the consuming power of the people measured in terms of purchasing power, then, of course, we have no alternative but to reduce the output anywhere from 25 to 50 percent.

In this plan we have reasoned that if the Government can get the cooperation of 3,000,000 or 4,000,000 farmers in reducing output it should be possible to get the cooperation of 3,000 or 4,000 large industrial units in stepping production up to approximate capacity. This plan, may I state here, was first outlined by Dr. Mordecai Ezekiel, economic adviser to the Secretary of Agriculture. He wrote a book in 1936 entitled "\$2,500 a Year" in which this plan was outlined. In this book he argued that this plan could be put into effect if we utilized the theory underlying the Agricultural Adjustment Act; that is to say, the power of the Congress to legislate for the general welfare of the American people. Shortly after that the A. A. A. was declared unconstitutional, and, as a consequence, there was very little interest in the plan advocated by Dr. Ezekiel. About a year ago, when the Supreme Court held the National Labor Relations Act constitutional under the power of Congress to regulate interstate commerce, a number of Members of this House, including the sponsors of this bill, reasoned that we could base the plan outlined by Dr. Ezekiel upon the power of Congress to regulate interstate commerce.

In general, we would set up a central planning agency that would map out production as based upon the needs of the American people and upon the productive capacity of the country as a whole, and then bring within the purview of the act those industries essential to the carrying out of the general program. We disagree with the old N. R. A. and feel that it was a mistake to try to regulate all industry. We believe that that is unnecessary and that if we were to take in the principal and essential industries, we could accomplish this stepping up of production all along the line without trying to secure the cooperation of every little member in the service trades or in the retail business.

Let us assume now that the act is put into effect; how would it operate? Let us say, for instance, that a manufacturer today is turning out 70,000 pairs of shoes. Under this act the central administrative authority would request this manufacturer to step his production from 70,000 pairs up to 90,000 pairs. This would be done through the imposition of a processing tax of approximately 25 percent of the value added by the particular manufacturer in the manufacturing

process he performs. To the industrial units that cooperate in this general plan 95 percent of this tax would be refunded. The imposition of this processing tax is merely a tool for securing compliance. But the Government would do more than seek to compel industry to go along with the general plan. In addition to the processing tax the administrative authority would be in a position to enter into contracts with cooperating units, under which the central authority would agree to take over at cost a part of the total output if it should prove to be unsalable.

It is our feeling that if this plan were instituted, any manufacturer would be just as safe in producing 90,000 units as he would be today in producing 70,000, if through stepping up production throughout industry as a whole we could, during the first year, increase our total annual income from say \$68,000,000,000 to \$85,000,000,000 or \$90,000,000,000. Any particular manufacturer would then be safe in turning out an increase that would correspond to the increase in national income.

In addition to that assurance, the Government would further agree to take over a part of the total output if it should prove to be unsalable.

The fulfillment of these guaranty contracts by the Government would undoubtedly cost a great deal of money; it seems quite certain that the cost of taking over unsalable surpluses would be less than present relief costs. In addition to this, the unsalable surpluses could be utilized to good advantage by the millions of our people who live in sections of the country where industrial employment is not available and where agriculture is conducted on the barest kind of subsistence level. We ought not to forget that half of our farm families, three and a quarter million families, produce only one-eighth of the agricultural produce that enters the market. It will take many years to find a place for them where their services could be efficiently utilized, and in the meantime there is no reason why they should not be given some of the advantages that could be readily made available because of the inordinate productive capacity of American industry.

Mr. VOORHIS. Mr. Chairman, will the gentleman yield?

Mr. AMLIE. I yield.

Mr. VOORHIS. Does not the gentleman feel that one of the most important features of this plan is that whereas one industrialist, even if he desires to increase production, is naturally afraid to do so because he does not have any reason to believe that other people will do likewise, he would, by the means provided in this bill be assured of a general increase in production and purchasing power shared in all the major industries, and he would be protected against the possibility of other manufacturers not complying?

Mr. AMLIE. Yes; I think that would perhaps be the most important contribution of the whole plan; that is, as I see and read the complaints of business today. The gist of the complaints by businessmen is their uncertainty; that is, uncertainty about taxes, and uncertainty about general economic conditions. Through a plan of this kind most of this uncertainty could be eliminated.

Some assurance could be given regarding the total national income and the amount that could be absorbed by the country as a whole. In contemplating the stepping up of production in this way, I feel we are indicating the only possible solution to the general problem. That is, it seems to me, it must be a national plan calling for the stepping up of production all along the line.

The difficulty today in such planning as the Federal Government is doing, such as the Guffey coal bill, the farm bill, and so forth, is that an industry is assisted in formulating a plan, but since it is not a general plan for all industry, no particular industry can do more than to formulate a plan for reducing its output to what it is anticipated the market can take. So what we get under the present arrangement is that the Federal Government lends its aid to various industrial groups in reducing production, and it seems to me that the general effect is to set in motion a downward production cycle throughout the whole industrial system.

It is true these groups have to be assisted. I am not arguing that the coal producers can go on without assistance or that the cotton producers can go on without assistance. They cannot. But this attempt to help just one industry at a time to solve its problem inevitably means helping it to reduce the total output to the point of effective demand, which, as I see it, inevitably becomes a program of scarcity furtherance, much as its supporters hope it might move in the other direction.

Mr. ANDRESEN of Minnesota. Will the gentleman yield?

Mr. AMLIE. I yield to the gentleman from Minnesota.

Mr. ANDRESEN of Minnesota. The gentleman used the illustration of the manufacturer of shoes and presupposed an application of the 25-percent processing tax. Of course, this processing tax would be added on to the cost of the shoes when they were sold. I would like to have the gentleman explain the method of distribution he proposes in order to do away with this extra amount of manufactured shoes so that we would dispose of the surplus.

Mr. AMLIE. First of all, it is not contemplated that this processing tax shall be added. The processing tax is merely an instrument to secure compliance with the general program and would be refunded to the industrial unit that would cooperate. It is conceivable that in some industries a particular unit would prefer to pay the processing tax and not come under the provisions of the bill, but such a unit would be in competition with other units that were cooperating.

Mr. ANDRESEN of Minnesota. The average profit the manufacturer makes on shoes—and I refer to the wholesale manufacturer—is around 18 to 20 cents apiece. They are making a big profit when they make that much. That is, of course, in large-volume business. They could not very well afford to pay the 25-cent processing tax. In other words, it would be necessary for them to comply with all the regulations in order to get that tax back; otherwise they would go into bankruptcy.

Mr. AMLIE. Yes; I think that would be true for practically all the industrial units in the manufacture of shoes. But I want to go on with the other question of what assurance there would be that the purchasing power would take over the additional output. Let us say during the first year there will be an increase of national income from seventy to eighty-five billion dollars. According to the plan, 10 percent of that increase will go to the manufacturers and businessmen in the form of profits; the remainder, or 90 percent, will go to labor or to the public, either in the form of increased wages or in the form of reducing or maintaining the general price level. The increase in total national income would be distributed in those two ways.

Mr. CRAWFORD. Will the gentleman yield?

Mr. AMLIE. I yield to the gentleman from Michigan.

Mr. CRAWFORD. I am wondering how the gentleman's plan would fit into this situation, which I think exists: You have a few dollars on deposit somewhere on which you can draw. I have a few dollars. The other fellow has a few dollars. Altogether it runs up to, say, somewhere between thirty-five and forty-five billion dollars at the present time. In other words, we are hoarding a dollar, ten dollars, a thousand dollars, or a hundred thousand dollars, whatever the amount may be. Will this system cause those who are hoarding to release the money and let it go into purchasing channels?

[Here the gavel fell.]

Mrs. O'DAY. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. AMLIE. Mr. Chairman, I will say in answer to the gentleman's query that it would not. That is, I cannot see at the present time where there is great room for new capital investment. Our present productive plant is operating at not more than 60 percent of actual capacity. If we operated at full capacity we should be producing a national income of probably between ninety and one hundred billion dollars.

Mr. CRAWFORD. On today's price index?



Mr. AMLIE. Yes. I grant, of course, that there is still tremendous room for further capital investment. I think perhaps a plan of this kind would offer a degree of stability that would provide inducement for further investment of capital that is not provided under the uncertainties existing today.

Mr. CRAWFORD. I did not make myself clear because my question was not directed to the use of credits now in the hands of individuals for capital investment purposes but for the purchase of consumer goods. Assuming that this plan did go into operation and people are paid wages, but through fear that the plan might break down in a year, 2 years, or 5 years, they take their income and use just a little bit for living purposes and hoard the balance. That is the thing at which my question is directed.

Mr. AMLIE. It seems to me there would be some assurance to the future if people felt there was some planning for the future, whereas there is virtually none or very little today.

Mr. VOORHIS. Mr. Chairman, will the gentleman yield?

Mr. AMLIE. I yield to the gentleman from California.

Mr. VOORHIS. In line with the question of the gentleman from Michigan [Mr. CRAWFORD], I may say it seems to me, in the first place, the tendency for small-salaried people and wage earners to hoard would at least be much less than it is now. Perhaps it would not be altogether eliminated. Further, the large-scale deposits in the banks would certainly be encouraged to come out of hiding and go to work, under a plan of this character. I do not believe there would be nearly as much sticky deposit money in the banks as there is now.

Mr. CRAWFORD. If the gentleman will yield, it would have to go into consumer goods, not into investment capital, or expansion of plant, because otherwise there would be no demand for consumer goods. I believe if we started spending today what we have in the form of credit to our account, these plants to which the gentleman refers would within 3, 6, or 9 months certainly have to move back toward 80, 90, or 100 percent capacity, if such a thing is possible, which I do not believe. I believe 90 percent is as near capacity as you can ever get your plant to operate.

Mr. AMLIE. I agree with the gentleman's observation.

Mr. CRAWFORD. However, they are not operating because we are not consuming goods, because we want to hoard, because we are afraid to spend.

Mr. AMLIE. I may say to the gentleman I do not believe there is any actual limit as to the amount of our total income we can reinvest for capital goods purposes. We are more likely to stop investing under uncertainty such as we face today. To the extent that we can plan capacity operation on a national scale and plan the distribution of income so as to absorb the total output, to that extent will private capital be encouraged to seek investment in capital-goods fields.

Even if this plan were put into effect, even if we operated our present plant to capacity, or approximately 90 percent of theoretical capacity, we should probably still have three or four million people unemployed in private industry. Since 1929 output per man-hour has increased 20 percent. In this plan we contemplate that these people must find employment on some long-term building program.

[Here the gavel fell.]

Mr. ENGEL. I yield 5 minutes to the gentleman from Wisconsin.

Mr. AMLIE. I believe studies of our housing situation would indicate that, based on living standards of 1930, we have an actual shortage of private residences at the present time of approximately 6,000,000 homes. Another 10,000,000 homes will become obsolete during the next 12 years and should be replaced. The present administration is thinking in terms of a long-term public-works program in regional planning, the development of our national resources, and the conservation of our natural resources. I do not believe there

is any limit to the useful work which remains to be done, but I do not believe this useful work can be done by private capital under private initiative. In the first place, the three or four million people who would not be reabsorbed into private industry even though it operated at capacity are, in the main, people who are not trained. They would have to be retrained if they were to be employed, and only the Federal Government can make the plans that call for the reemployment of these people.

I should like to use the rest of my time to discuss the practical political situation we are facing. We know there are today probably as many as 12,000,000 people wholly unemployed, with 7,000,000 or 8,000,000 more working on a part-time basis. Under President Hoover the administration genuinely believed that, given time, a national upturn would result in the reemployment of these people. This is still the attitude or the hope of the New Deal.

As far as any long-term planning is concerned, it seems to me that as Representatives we ought to recognize that 20 percent of our population is permanently outside the economic system in which the rest of us live and work. These people are not going to find any place within the economic system, barring perhaps a short period in the event of another world war. Some place must be found for them. If a place is not found for them, I believe that these people will inevitably join the forces that are interested in destroying democratic government. That is what has happened in Germany, and this is what I believe will happen in this country. The one-third who are ill-housed, ill-fed, and ill-clothed, as I see it, would have nothing to lose from a purely economic standpoint by throwing in their lot with some group bent on power and the establishment of a Fascist form of government here. I am not talking about ethical considerations but only about economic well-being. We have gone on now for 8 or 9 years failing completely to solve this problem. I do not believe we can solve it by leaving these people outside the economic system. I do not believe we can solve it by Federal relief, or by a Federal W. P. A. I do not believe we can solve it by setting up a system of production for use for the unemployed—a Nation-wide self-help movement. All of these things have been advocated and most of them have been tried, but we are only driving a political wedge between the part of the population which is inside the economic system and this 20 percent that is outside.

At the present time we are producing a national income of between \$60,000,000,000 and \$70,000,000,000 a year. The 80 percent of the people who are inside the economic system naturally feel that they are the ones who produce this income. While they may for a time be willing to agree that they are their brothers' keepers, as far as the 20 percent who are outside the economic system are concerned, they will not go along year after year and send to Congress men who will vote appropriations for Federal relief, for W. P. A., or for any other plan that contemplates the maintenance of these economic outcasts outside the system at the expense of those inside. This applies just as much to the \$15-a-week clerk as it does to a member of the 60 families. Nor are the people who have a place within the economic system willing to see the Federal Government set up a self-help or production-for-use system for the unemployed whereby they can contribute their own labor and utilize idle machinery for the production of things they need if they are to take care of themselves. Whenever this has been tried by the present administration businessmen have protested loudly against it on the ground that it constituted Government competition with private business. Nor is it only the businessman who takes this point of view. Even the employee who may be working for a few dollars a day shares his employer's point of view. To this low-paid employee such a system would interfere with his employer's ability to pay him higher wages, and consequently he is against it.

Nor can the unemployed be given employment on a vast public-works program that will not compete with private

business. If we were today to embark on a vast program calling for the construction of Federal buildings, the businessman as a taxpayer would object because this would entail permanent operating expenses for the future, hence a permanently increased tax load. There are some exceptions, of course, such as the building of public roads, sewers, and other projects that do not result in increased upkeep, but possibilities for employment along these lines are already being rather thoroughly exhausted.

It seems to me any solution of our difficulties must lie in finding a place for these people within the economic system itself.

The Federal Government is the only organization which has the power to evolve a plan that would contemplate the reemployment of these people by private industry, or by the economic system, as we know it, in which the rest of us live and have a place. I sincerely hope the Members of this body will give their serious consideration to the proposal we have made here. It is the only direction in which I can see any possible solution for our difficulties. To the extent we fail to find a solution for our economic difficulties, inevitably and to that extent we are going to be driven to a point where the course of least resistance will be war, and I believe we are very rapidly approaching that point. I believe our psychology is turning in that direction.

[Here the gavel fell.]

Mr. COLLINS. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin.

Mr. AMLIE. When a plan of this kind is proposed, a great many splendid people who believe devotedly in our form of government see only the concentration of power in the Federal Government that is involved, and they are disturbed by this concentration.

It seems to me we shall inevitably be forced to concentrate power in the hands of the Federal Government to an extent that we have never considered necessary heretofore.

In the President's message to the Congress this morning the following significant paragraph occurred:

I believe also that the time has come for the Congress to enact legislation aimed at the prevention of profiteering in time of war and the equalization of the burdens of possible war. Such legislation has been the subject for many years of full study in this and previous Congresses.

Of course, I think most of us know the particular measures that are being referred to—that is, the so-called Hill-Sheppard bill. If you will take the time to study the bill I think you will find that it contemplates the establishment in time of war of a complete military dictatorship, differing in no important respect from the dictatorships that are to be found today in certain European countries.

A great many Members of this body who would oppose vigorously any proposal to concentrate further power in the hands of the Federal Government in order to solve our peacetime problems are perfectly ready to go along with a plan of this kind that contemplates giving all power to the President as Commander in Chief of the Army and Navy whenever war is declared or a state of war deemed to exist.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield there?

Mr. AMLIE. Yes.

Mr. CRAWFORD. Under the gentleman's interpretation of the Hill-Sheppard bill, what would be the situation with reference to protected or guaranteed profits in the event we entered into warfare and went along 1, 2, or 3 years without actually declaring war, and then they bring up the last section of the bill which sets the profit level at the average for the 3 years prior to the actual declaration of war?

Mr. AMLIE. That is in the Sheppard bill. The bill that has been reported out by the House Military Affairs Committee has no provision in it at all about taxes; and since any tax has to originate in the House, I think it is highly significant that there is no provision in the House bill, that the Senate provision, of course, is out of order because they

cannot originate a tax bill there. Since there is no provision about taxes in the bill as reported by the Military Affairs Committee, it seems to me any proposal from the floor to put it in would be out of order; and it seems to me that all that remains is the framework for a complete military dictatorship with nothing done about the subject of war profits at all. [Applause.] It seems to me the parliamentary situation would inevitably make that the situation.

Mr. CRAWFORD. In other words, the gentleman feels that the Hill-Sheppard bill as now presented to us by the committee does not restrict war profits?

Mr. AMLIE. That is correct, and I am told that bill is H. R. 6704.

Mr. COLLINS. Mr. Chairman, will the gentleman yield to me?

Mr. AMLIE. Yes.

Mr. COLLINS. I think I can help the gentleman. We have low-cost manufacturers and we have high-cost manufacturers in this country. In war we want production to the limit. Therefore we must encourage high-cost manufacturers. We must keep them in operation and in existence, with the result that when we keep high-cost manufacturers in existence and pay them, say, 5- or 10-percent profits, we will probably be paying low-cost manufacturers 100-percent profits.

[Here the gavel fell.]

Mr. COLLINS. Mr. Chairman, I yield the gentleman 5 additional minutes.

So it is inevitable under this bill that we have profiteering as we have never seen it before.

Mr. CRAWFORD. And virtually guaranteed by this legislation.

Mr. COLLINS. And the situation will be worse than it was during the last war, because we could at least criticize and berate the profiteering that occurred in the last war, but under this proposed bill profiteering will be done with the connivance of the Government.

Mr. SAUTHOFF. Mr. Chairman, will the gentleman yield?

Mr. AMLIE. I yield.

Mr. SAUTHOFF. I agree with what the gentleman from Mississippi has just said, and I want to point out this fact: S. 25, the original Hill-Sheppard bill, has a section 9 in it which cuts war profits 95 percent. This bill does not cut them at all and has no tax feature in it, as my colleague from Wisconsin has pointed out.

In answer to the criticism made by the gentleman from Mississippi, let me offer this suggestion: Why could we not put a provision in that bill that the profits permitted for industry during the war period be restricted to 5 or 6 percent on the investment or on the reasonable valuation of the plant? It would seem to me this would take care of the situation whether it was high-cost production or low-cost production.

Mr. VOORHIS. Mr. Chairman, will the gentleman yield?

Mr. AMLIE. Yes.

Mr. VOORHIS. I may say that there is a carefully drawn bill here—H. R. 4202—which has an identical bill in the Senate, which really would provide machinery for limiting war profits. It is a big, long bill, and I doubt that it can be done in any other manner. I also point out that if you start to limit the profits only when war has actually been declared, you then will reward those businesses which in the past have been expanding their war trade, and possibly selling to the very nation which will be the potential enemy of the United States.

Mr. CRAWFORD. That brings me back to my original question. Those industries run along for 1 or 2 or 3 or 4 years before the formal declaration of war, which is specified in the bill to which the gentleman from Wisconsin referred, and you take 95 percent of the profits for the average 3 years, and you get mixed up into the declaration or non-declaration of war, so that it hinges on the technical declaration of war. Otherwise you have no taxation there.



Mr. FITZPATRICK. Mr. Chairman, will the gentleman yield?

Mr. AMLIE. Yes.

Mr. FITZPATRICK. Several years ago we had a bill when I was a member of the Committee on Military Affairs to place a ceiling on all profits. At that time I asked some gentlemen who appeared before us if it was all right for the Government to conscript human life, why was it not all right to conscript all business in case of war, and take all profits out of war? [Applause.] That is the only way you will prevent profiteering.

Mr. AMLIE. Mr. Chairman, the chairman of the subcommittee, Mr. COLLINS, has been very kind to me in yielding me time, and I wish to say in conclusion that I merely brought this reference in the President's message into the discussion for the purpose of calling it to your attention that in time of war we are facing very squarely the necessity of concentrating in the Federal Government all the power that may be necessary for the purpose of prosecuting the war. That is inevitably so. I feel that we should also recognize that we are facing a situation today just as serious as war, and that we ought to be prepared to delegate to some Federal authority the power necessary to formulate a Nation-wide plan and to step up production to maximum capacity throughout industry as a whole and to furnish employment for all of our people, because to the extent that we fail to solve these problems in peacetimes, we are making war and fascism inevitable. [Applause.]

Mr. ENGEL. Mr. Chairman, I yield 10 minutes to the gentleman from Tennessee [Mr. TAYLOR].

Mr. TAYLOR of Tennessee. Mr. Chairman, the more I observe the administration of the old-age pension provisions of the Social Security Act, passed during the Seventy-fourth Congress, the more I am convinced that this old-age pension law is perhaps the greatest hoax that has ever been perpetrated by the Congress of the United States. And if Congress intended to practice deception on an unsuspecting public, why it selected these unfortunates—the aged, the halt, the maimed, and the blind—as the victims thereof I confess I am unable to comprehend. These old people had been led to believe that they were to receive a pension—a decent pension. Their hopes and aspirations had been excited by not only the advocates of the fantastic and impossible Townsend plan, but they had inferred from the press, the radio, and the political spellbinders that when Congress passed a bill it would be just and equitable to them. They never dreamed that Congress would pass a bill which would place their fate in the hands of a little group at the county seat, selected not because of their welfare knowledge and experience but largely on account of political influence. They expected their pensions to come from Washington—from the Treasury of the United States. And now when they find that this old-age pension, to all but a small minority, is nothing but a delusion and a snare, their plight and disappointment is indeed pathetic; yes, it is all but tragic.

Mr. Chairman, I assume that my experience in regard to old-age pensions or old-age assistance, as those administering it prefer to call it, is not unlike that of a large majority of the membership of this body. While as Members of Congress we have absolutely nothing to do with the administration of this law, nevertheless our constituents have the impression, and the inference is natural, that we have a great deal to do with it. During the congressional vacation there was never a day but that from 10 to 15 of these old people came to see me appealing for assistance, and on one occasion 200 of them came in a body to implore me for help. Some of them were blind, or practically so, and all of them were decrepit to a degree that it was with great difficulty they got to the office. I have never listened to a more pathetic appeal, and I have never looked upon a sadder or more melancholy spectacle than this; yet there was nothing I could do, and when I told them so it only increased their despondency and bewilderment.

Mr. Chairman, as I stated before, I presume my experience with this horrible and intolerable "mess" is similar to that

of most of you. I am not directing my criticism alone to those charged with the administration of the law in my State. My indictment is against the entire set-up and system. I am sure there are other States, particularly in the South, where conditions are just as unsatisfactory as they are in Tennessee.

Mr. Chairman, what is happening today was predicted by me and other Members when the social-security bill was before the House for action in April 1935. I pointed out then that due to the disparity in the resources of the various States the measure could not be operated equitably; that the richer States would get the full benefit of the \$15 contribution from the Federal Government while the poorer States would get half or less on an average. My misgivings and predictions at that time have been fully justified by developments.

Mr. Chairman, is it fair for the old people in one State to receive \$15, the maximum amount of the Government's contribution, while the old people of another States receive only one-half or less of that amount? Under the system provided by this act that is exactly what is going on today. The net result is that the needy aged in many of the wealthier States are receiving \$15 from the Federal Government and \$15 or more from their State government, while the needy aged in Tennessee and many other States are receiving from \$5 to \$7.50 from the Federal Government and an equal amount from the State government. I take the position that this is a manifest injustice. Let the States pay whatever they see fit, but let the Government pay the same amount to the needy aged whether they reside in New England, the South, or the Middle West.

Mr. TRANSUE. Mr. Chairman, will the gentleman yield?

Mr. TAYLOR of Tennessee. I yield.

Mr. TRANSUE. The contribution on the part of the Federal Government is based on the amount paid or contributed by the State government. Is not that right?

Mr. TAYLOR of Tennessee. Oh, no; there is no contribution made by the State to the Federal Government.

Mr. TRANSUE. In the Old Age Pension or the Social Security Act?

Mr. TAYLOR of Tennessee. The act provides that the Government shall put up an equal amount to the amount the State contributes, up to \$15 a month.

Mr. TRANSUE. That is right. It is based on the amount the State contributes, up to \$15, in order to determine how much they will get from the Government.

Mr. TAYLOR of Tennessee. Yes; but the point I make is that a great many States have not the resources to make this contribution.

Mr. TRANSUE. Then the responsibility is on the State itself for not making a larger contribution to the old-age pension.

Mr. TAYLOR of Tennessee. In a sense it is, but in States like New York and Massachusetts and other wealthier States, half of the contribution is paid out of the Federal Treasury, and a part of that money represents taxes put into the Treasury by the taxpayers of Tennessee, for which they are receiving no benefit, while New York and Massachusetts and the other wealthier States are receiving the benefit.

Mr. TRANSUE. Does the gentleman think it equitable for the Federal Government to pay a State that contributed only three or four dollars a month when in another State the taxpayers are contributing up to \$15 a month?

Mr. TAYLOR of Tennessee. The gentleman misunderstands my point. My point is that the Federal Government ought to pay a uniform pension to the aged alike in every State in the Union regardless of the contribution from the State. Let the State contribute whatever it pleases, and let the pension, so far as the Federal Government is concerned, be uniform. The chairman of the subcommittee stated this afternoon that as of January 1, this year, there are 3,022 old people in the District of Columbia drawing a pension of an average of \$25 monthly.

Mr. Chairman, the only satisfactory method of paying an old-age pension is to have the pension paid directly by the

Federal Government, from funds collected from the various States in proportion to their respective resources.

On April 17, 1935, when the Social Security Act was up for consideration in the House, I made a speech in which I said:

I yield to no one in my interest in or zeal for social security, but I am frank to say that the bill under consideration, if not materially amended, will prove to be a dismal disappointment to millions of American citizens who have anxiously hoped to see this Congress enact a measure that would in some substantial degree provide relief for the indigent, aged, and other underprivileged people in our Nation.

Further on in my address, in the hope that we might amend the bill and make it just and workable, I said:

But, Mr. Chairman, after a careful study of the bill before us, which is supposed to have the authorship and backing of the President, and after listening to the discussion that we have had on this measure, I am fully convinced that the bill before us as an instrument of relief, is an absolute futility—an idle gesture. Unless this bill is amended giving it more definite and unqualified terms to provide for the people it is heralded to aid, I shudder to contemplate the consternation, the disappointment, and the despair that will follow its enactment.

Later on in the same address, I said:

Just picture for a moment the utter despair and the consternation of such people as these throughout the length and breadth of the land when they discover that the Congress of the United States has given them an old-age pension law which is so complicated and involved in red tape and joker provisions as to make it practically a downright nullity. When they realize that when they ask their Government for bread it gave them a stone, you can begin to imagine their despondency, and worse still, their resentment and loss of faith in the integrity of constituted authorities.

Concluding my remarks on that day, I said:

I wish to make the prophecy that if this measure, without material amendment, is enacted into law it will prove to be the greatest boomerang this or any other administration has ever encountered.

Two days later, while the bill was still under consideration, I obtained the floor again, and on that occasion said:

Mr. Chairman, I have exerted every means in my power to help amend this bill so as to eliminate its hardships, its injustices, its inequities, but without avail. My conscience is clear. The blood is not on my hands. Whatever glory or ignominy that may attach to this measure belongs to the Democratic administration, because in all of my legislative experience I have never seen a steam roller operate with such facility and precision. Having failed in my efforts, along with others, to enact a just and equitable old-age pension law that would be a blessing to the indigent aged of every State in the Nation, I shall with more or less misgivings vote for the bill for two reasons: First, I shall vote for it in the hope that when it reaches the Senate that body will correct the unconscionable evils perfectly manifest to me. And, second, I shall vote for it in the further hope that if the Senate shall not substantially change its provisions and the bill becomes the law of the land, that at an extra session of the Tennessee Legislature, which, I understand, will certainly be called by the Governor of my State within the next 60 or 90 days, the necessary legislation will be enacted to comply with the requirements of this measure to the end that the aged of Tennessee may participate on an equal footing with the aged of other States of this Union.

The bill, substantially as originally introduced, did become a law. Sometime later the Tennessee General Assembly met and passed an old-age pension statute, but I regret to say that under this statute as administered the needy aged of my State are not participating on an equal footing with the aged in many of the States of the Union. While the indigent aged in Tennessee are receiving on an average only about one-half the amount which could be paid under the act passed by Congress, I am not unmindful of the limitations of the State's treasury. While the Federal act provides for a potential pension of \$30 per month, the Tennessee act limits the amount of pension to \$25. There is one provision in the Tennessee act which I am constrained to consider a reflection upon the dignity and reputation of the Old Volunteer State. This is the provision which requires the beneficiary to convey to the State any property he may own regardless of how small and insignificant it may be. Each applicant for old-age pension is required to sign an application which contains this stipulation:

If granted assistance, I understand that the amount paid to me shall be a claim against my estate and can be collected by the

department of institutions and public welfare after funeral expenses, not to exceed \$100, and expenses of administering the estate have been paid; however, no claim is to be made against any of my real estate while it is occupied by my spouse or dependent children.

Mr. Chairman, as a Tennessean I confess that I am ashamed of this inhuman provision, which makes the methods of Shylock himself appear generous. It is unthinkable to me that a great Commonwealth would make such a cruel exaction of old people who, without source of income, happen to own a little cabin and a garden spot to which they are sentimentally attached. There is nothing in the Federal act which warrants such a hardship, and I am sure no Congressman had such in mind when the social-security bill was enacted.

The complaints which I have received from hundreds of my aged constituents are based on various and sundry grounds. Some complain on account of discourtesy and lack of consideration by the local welfare agencies. Some say they are denied application forms, and others say they can get no action on their applications. Some charge discrimination, favoritism, and politics. And even many of those who are placed on the rolls complain that the amount of the pension is so insignificant and paltry as to be of very little assistance. Mr. Chairman, I want to be perfectly fair. Of course I realize, as I have heretofore stated, the difficulties incident to the administration of such an unworkable law, especially in a State of limited resources. But, of course, if Bill Smith, who lives on the north side of Willow Street, receives a pension of \$15 per month and John Brown, who lives just across the street, who is in worse physical and financial condition, or at least thinks he is, cannot get anything and cannot even get his application acted upon, you can imagine the feeling of resentment that is engendered. Mr. Chairman, I do not like to see our great Government subjected to the suspicion and criticism which inevitably results from such a situation. It is indeed unfortunate that the Federal Government must be involved in this suspicious atmosphere. And that is why I consider it of imperative importance that the entire system be revised to the end that whatever amount of pension the Federal Government pays to its aged it be uniform throughout the Nation and paid direct from Washington. [Applause.]

Mr. SHEPPARD. Mr. Chairman, will the gentleman yield?

Mr. TAYLOR of Tennessee. I yield.

Mr. SHEPPARD. Has the gentleman read the bill H. R. 4199 pending before the Ways and Means Committee?

Mr. TAYLOR of Tennessee. I do not think I have.

Mr. SHEPPARD. I suggest to the gentleman that he read it, for it might be in accordance with his declarations.

Mr. TAYLOR of Tennessee. Is it in accordance with the position I am now taking?

Mr. SHEPPARD. Very much so.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. TAYLOR of Tennessee. I yield.

Mr. CRAWFORD. On that same point I have been informed by a gentleman by the name of JOHNSON, who seems to be in charge of that bill, that he has drafted a new bill, which is to be introduced, which, in my opinion, fundamentally changes H. R. 4199.

Mr. TAYLOR of Tennessee. If the bill is along the line of the argument I am making, then I am in favor of it.

[Here the gavel fell.]

Mr. ENGEL. Mr. Chairman, I yield 1 additional minute to the gentleman from Tennessee.

Mr. BIGELOW. Mr. Chairman, will the gentleman yield?

Mr. TAYLOR of Tennessee. I yield.

Mr. BIGELOW. I am intensely interested in the gentleman's address. I know that he is earnest. We talk our heads off over here, yet we are unable to do anything. I understand that the seven Republican members of the Ways and Means Committee are all for giving this matter hearing. Will the gentleman tell me how we can get some cooperation from the Democratic side?



Mr. TAYLOR of Tennessee. I tried to get some cooperation from the Democratic side when this bill was up for consideration in the first instance. An amendment was offered then requiring that the pension be paid directly by the Federal Government, but the majority leader said that the President would not sign a bill that did not provide for State participation.

Mr. JENKINS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. TAYLOR of Tennessee. I yield.

Mr. JENKINS of Ohio. I think I can assure the gentleman from Ohio and also the gentleman from Tennessee that seven Republican members of the Committee on Ways and Means are perfectly willing to vote that the bill be given consideration.

Mr. TAYLOR of Tennessee. I appreciate the gentleman's contribution. [Applause.]

[Here the gavel fell.]

Mr. COLLINS. Mr. Chairman, I yield 10 minutes to the gentleman from Oklahoma [Mr. FERGUSON].

Mr. FERGUSON. Mr. Chairman, I am very much impressed by the President's message on national defense, and particularly am I impressed by the section recommending that the existing authorized building program for increases and replacements in the Navy be increased by 20 percent.

When the naval appropriations bill was before the House it contained provision for carrying out a naval program already authorized by the Congress. When legislation is brought in to put the President's recommendation into effect this House will be faced with forming a new policy, a departure from our policy during the last few years. We shall be definitely faced with changing from a nation that has attempted to reduce armament, changing from a nation that has justified its armaments on defense, to a nation going straight down the road to meet any other nation in the world in the armament race. Before this House does that we are entitled to know what is adequate defense; we are entitled to have a definition from those who are in charge of defense as to where our line of defense is.

In trying to prepare myself intelligently to consider this legislation when it comes before the House, I addressed a letter to the Secretary of the Navy in which I asked him these questions:

WASHINGTON, D. C., January 27, 1938.

HON. CLAUDE A. SWANSON,

Secretary of the Navy, Washington, D. C.

MY DEAR MR. SECRETARY: I am very much interested in obtaining expert opinion from prominent naval authorities as to—

1. Our most feasible line of defense in the Pacific.
  2. The location and equipment of our naval bases in the Pacific, and at what distance from these bases our Navy can successfully operate.
  3. The ability of our present Navy and our Navy when it reaches treaty strength in 1942 to defend our Atlantic and Pacific coast lines.
  4. The ability of our present merchant marine and supply ships to properly supply our fleet if operating at a distance from our naval bases making dependence upon these supply ships imperative.
- I realize these are rather technical questions that the Navy Department might hesitate to express an opinion on. If such is the case, I would appreciate reference to any testimony previously given to Congress that would have a bearing on this subject.

Sincerely yours.

Certainly before this Congress approves legislation increasing our naval building program by a quarter to a half billion dollars we should have some expert testimony. I turned to the last appropriation bill for the Navy, this year, but at no place in those hearings was it disclosed what it is we are trying to defend. The Congress and the Nation are entitled to know whether our line of defense runs from Alaska to Hawaii, to the Panama Canal, or whether it is immediately off the shores of Japan.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. FERGUSON. I yield.

Mr. TABER. Does the gentleman have any idea the administration, having accomplished a deficit of practically \$2,000,000,000 for this fiscal year, is trying to protect the size of that deficit in future years?

Mr. FERGUSON. That is not a real contribution to this subject.

Mr. MAVERICK. Mr. Chairman, will the gentleman yield?

Mr. FERGUSON. I yield.

Mr. MAVERICK. The gentleman says the shores of Japan. I think he should have gone 600 miles up the Yangtze River. That is another thing we want to find out.

Mr. FERGUSON. Evidently our defense is 600 miles up the Yangtze River now, because our gunboats are there.

Mr. MAVERICK. That is the way it appears to me.

Mr. BIGELOW. Will the gentleman yield?

Mr. FERGUSON. I yield to the gentleman from Ohio.

Mr. BIGELOW. Does the gentleman speak advisedly in suggesting that the increase of 20 percent which the President is asking for would amount to as much as a quarter of a billion or a half billion dollars?

Mr. FERGUSON. I may say to the gentleman we are now spending \$500,000,000 a year on our Navy, and by mathematical computation a 20-percent increase based on \$500,000,000 is \$100,000,000 annually.

Mr. BIGELOW. No. I understood the 20-percent increase was based on the amount set forth in the Vinson bill for replacements and increases in construction.

Mr. FERGUSON. Well, that is probably true. I said a quarter to a half billion dollars increase and undoubtedly it would amount to over a quarter of a billion dollars to increase the authorization under the Vinson-Trammell Act by 20 percent.

Mr. CRAWFORD. Will the gentleman yield?

Mr. FERGUSON. I yield to the gentleman from Michigan.

Mr. CRAWFORD. I have read this message as carefully as I could with my limited knowledge of such affairs. Has the gentleman reached any conclusion as to the approximate amount of out-of-pocket cash that is involved in the message?

Mr. FERGUSON. No; I have not reached such conclusion. I think the portions of the message dealing with the Army covers subjects that probably are closely related to our actual and real national defense. Those items should not be questioned. The point I am making is that the Congress should have some adequate information as to what is national defense, where our line of defense is, whether we are trying to protect the American continent or we are trying to build a navy that will protect us in any waters of the world. The point we reach in 1942 gives us a navy which is on a parity with that of England, the greatest navy in the world. The new navy authorization puts us in the position of saying that this country requires a navy 20 percent larger than that of England's which has to patrol its territories all over the world. In taking this position undoubtedly the Congress should know whether we anticipate the need of a navy of that size to police the countries of the world or whether a navy of that size is necessary to protect only our coast line.

Mr. CULKIN. Will the gentleman yield?

Mr. FERGUSON. In just a minute.

You are always offered an alternate in the appropriation of money. If the danger of invasion actually exists and we should predicate our defenses on the danger of invasion when we speak of national defense, then this Congress should know what we can spend money for to get the most adequate defense.

[Here the gavel fell.]

Mr. ENGEL. Mr. Chairman, I yield the gentleman 3 additional minutes.

Will the gentleman yield?

Mr. FERGUSON. I yield to the gentleman from Michigan.

Mr. ENGEL. Would the gentleman include in his definition of national defense the right to transport across the high seas and market in a world's market five or seven million bales of cotton? Would he include in his program of national defense the right to defend the right to transport and sell this cotton in the world's market?

Mr. FERGUSON. The reply to that is we are building a navy that certainly would protect our commerce if we had any ships in which to carry that commerce.

Mr. ENGEL. I would like to have the gentleman's definition of national defense without regard to the Navy itself and whether or not it is now sufficient.

Mr. FERGUSON. I would say that, in the absence of an adequate merchant marine, which we do not now have, to carry our products, certainly our national defense should not go into the protection of our investments in foreign countries.

Mr. ENGEL. The gentleman has not answered my question. Does his program of national defense take into consideration the right of this Nation to transport across the seas our cotton or wheat and sell it in the world's market, and would he include in that defense the protection of this right to transport and market in the world's market this surplus cotton? I think that can be answered by "yes" or "no."

Mr. FERGUSON. I may say to the gentleman that as long as we can protect the transportation of our products without jeopardizing our own real defense, I would say "yes"; but if it comes to a question of sending our Navy to the Orient, for instance, to defend our trade and risking the destruction of that Navy, which is our defensive arm, I would say "no."

Mr. CULKIN. Will the gentleman yield?

Mr. FERGUSON. I yield to the gentleman from New York.

Mr. CULKIN. Does the gentleman regard it as significant that the State, War, and Executive Departments have sent three cruisers at great expense to participate in the opening of Singapore? Does not the gentleman believe we are already in there by the act of those three departments?

Mr. FERGUSON. I would say it signifies at least there is the thought in the minds of our officials that we should cooperate with the navies of England and France in carrying out a program in the Pacific.

Mr. CULKIN. Is that not the purpose of this program?

Mr. FERGUSON. Mr. Chairman, may I say in conclusion that this country is one of the few democracies still maintaining that form of government in a world gone mad under the leadership of dictators. In those countries dominated by dictators the military dictates the policy of the nation. If this House of Representatives passes laws authorizing new construction for the Navy, blindly and without a definition as to where is our line of defense and what is adequate defense of our coast line and our Territories, we must admit to the world that this democracy is dominated by the military. If this House does not demand and receive adequate information from the proper authorities as to what are the actual needs for defense of this Nation before we pass new legislation vastly increasing our outlay for armament, we have indicted ourselves and indicted our form of government. [Applause.]

[Here the gavel fell.]

Mr. ENGEL. Mr. Chairman, I yield 15 minutes to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD and include therein a list of the names of the Japanese corporations that are operating in the area which I shall discuss in my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. CRAWFORD. Mr. Chairman, "Japan must either die a saintly death in righteous starvation or expand into the neighbor's back yard. Japan is not that much of a saint." In those brief words of a Japanese official we have the foreign policy of the Empire of the Rising Sun.

The 1936 issue of the Statesman's Year Book informs us that the Empire of Japan has a square mileage of 260,644, and on October 1, 1935, had a population of 97,694,628, a population of 375 per square mile. In 1930 the continental United States had a population of 122,775,046, or only 41.3 persons per square mile. Statistics compiled by the Ministry of the Interior of China in 1935 gives a total popula-

tion for China of 453,815,235. In 1926 the Post Office estimated the population, including the 18 Provinces of China, together with Sinkiang and Manchuria, at 485,508,838, with an area of square mileage of 2,446,855, or a population of slightly less than 200 per square mile. The Philippine Islands have a population—1930 census—of 12,082,366, with square mileage of 114,000, or 105.6 per square mile. Thus at a glance we can fully appreciate that with the Japanese population increasing at approximately 1,000,000 per annum, the entire world must become concerned as Japan rapidly expands into Korea, China, and the Philippine Islands.

#### JAPAN IS CONQUERING BACK YARD OF PHILIPPINES

Mr. Chairman, the back yard to which I desire to draw the attention of the House today is the island of Mindanao, Province of Davao, which has an approximate area of 1,929,724 hectares, or about 7 percent of the whole area of the Philippines. Its soil is the richest in the whole islands. More than half of the area of the Province is covered by commercial forest whose timber is valued at millions of pesos. The climate is always healthful and the rainfall is equally distributed throughout the year. The whole Province falls in the belt where storms and typhoons are unknown. As I have pointed out to the Members of this body before, this island and this Province is one of the treasure chests of the Far East. Indeed, I again call your attention to one of the vast untouched natural warehouses of the earth, bulging with the most precious materials and natural resources that can be brought together within one small area by the God of the universe and of nature for the conduct of peace and for the conduct of war. This particular area is excelled in riches by no other open and unexplored territory similar in size on the face of the earth. Nowhere else could the Japanese go and find a land more acceptable to their culture, their habits, their religion, their enterprise and industry, and strategically situated so as to form a "clearance," a base of operations for the expansion of the Japanese into other southern waters and territory.

The capital of the Province, Davao also by name, is an open port, and is always visited by foreign boats, mostly flying the Japanese flag. It is from 90 to 120 hours from Manila on ordinary interisland steamships, with allowances at the ports of call, Cebu and Zamboanga, as compared with 15 hours or less from Palau Island, one of the mandated islands of Japan in the Pacific.

Statistics show that there are more than 15,000 Japanese in the Province of Davao alone, and that the total Japanese investments in the Province in agriculture, commerce and industry, lumber and sawmills, fisheries, and other activities are more than ₱44,000,000 (1935), or \$22,000,000.

In Davao the Japanese predominate the nationals in agriculture, commerce, and industry, including lumbering and fishing. I am informed by the department of agriculture and commerce, bureau of lands, Manila, that—

Of the total alienable area of about 118,115 hectares in Davao, 57,350 hectares, or nearly 50 percent of the agricultural area, is occupied by the Japanese. Assuming without conceding that all such lands occupied by the Japanese in Davao have all been legally acquired by them, it cannot be denied that at present the Japanese have a strong foothold and will cling to their interests in the Province of Davao.

#### PHILIPINO-UNITED STATES-JAPANESE LAND TRIANGLE

"Assuming without conceding" was carefully chosen language used by the department of agriculture. It is not generally known that a vast acreage of land in Davao has been illegally acquired by the Japanese in their rapidly expanding powers over the industrial and cultural and agricultural activities of the island of Mindanao. But let me remind you that since 1916—more than one-fifth of a century—the Government of the United States has had specific rights and grave responsibilities with the Davao land-development problem. Bear with me when I make the charge that we have been negligent in our duty and responsibility. In this dark hour, when the aggressive spirit of Japan moves so devotedly on and with a smoothness, speed, and effectiveness which somewhat astounds and amazes the modern



world, and when the President is proposing that we remain affiliated with the Philippines until 1960 instead of "clearing out" July 4, 1946, in accordance with the terms of the Independence Act, and when the President of the Philippine Commonwealth, Mr. Quezon, again goes before his people to inquire of them if they really want independence or something similar to a dominion status with the protecting military and naval arms of the United States continually thrown around them—I say, Mr. Chairman, when all of these world-interest happenings are taking place with such lightning-like rapidity, it is time for us to take our bearings, to chart our course, to count the cost of our sins of omission as well as of commission.

The port and Province of Davao is the back door of the Philippine Islands. It is public information that Japan is smuggling her nationals into Davao from the island of Palau—Caroline Island group.

For many years now the Japanese have been illegally acquiring large holdings of land in the Province of Davao. The new far eastern crisis now brings this matter directly to our doors here in Washington. The progress which the Japanese are making in the island of Mindanao is, this very minute, of international concern. It is all of such far-reaching consequence that it involves high governmental policy and should be of great concern to our Philippine High Commissioner, Mr. McNutt.

I sincerely trust that when the High Commissioner reaches Washington and makes his first-hand contact report to the President that he will have something to say about this "new Japan" which has become so thoroughly entrenched on Philippine-American soil and under the protecting wing of the American flag, and that the President will take positive action.

As far back as 1926 there began an investigation of Davao Japanese land swindles, but the situation was quickly hushed up. Eight years later, and in the session of the Constitutional Convention, Delegate Pantaleon Pelayo, of Davao, rose and denounced some high governmental officials and private citizens for "conniving" with Japanese in violating land laws. This reopened the case. Secretary of the Department of Agriculture and Commerce Rodriguez and other officials traveled to Davao, investigated, and returned with a statement to the effect he did not see any Japanese menace in Davao but that steps should be taken to prevent further expansion of Japanese landholdings. Later Mr. Rodriguez disclosed names of government officials of Davao involved in the violation of the land laws, and indicated his determination to cancel all the illegal landholdings of the Japanese.

Definitely, the unmolested Japanese activities in Davao present a most serious problem of national and international scope.

The situation can be viewed from two sides. On one side of the ledger sheet can be written down the benefits Japanese activities bring to the area and the island. It is a land of untold riches and unexplored possibilities. It is the back door to the Philippines. Before the arrival of the Japanese the Filipinos themselves hardly knew there was a Province of Davao. Very few Filipinos have ever been in that part of the islands. Means of transportation are this day extremely limited and millions of Filipinos travel very little. It must be kept in mind that Davao is about 900 miles via boat service from Manila and a round trip would entail days of expensive travel. Filipinos cannot afford such outgo of cash, boat service is very limited, and hotel facilities practically nil. In other words, one look at a map of the principal islands making up the Commonwealth will convince any observer that transportation and communication facilities for the masses of Filipinos are a very long way off.

Accordingly Davao, I repeat, is a back door, and before the activity of the Japanese was much more so than at present.

#### JAPANESE INDUSTRY REVEALS POTENTIAL WEALTH OF ISLAND

Secretary Rodriguez, on his arrival in Davao to check up on the situation, found Japanese holdings of land amounted to 51,000 hectares, or 48 percent of the entire area of 106,000

hectares under cultivation, in the island. The secretary also found that the industry of the Japanese was transforming the jungle and the bush into wonderful abaca and coconut plantations, and a region that before had been practically untouched by the hand of man was fast becoming one of the most promising and profitable agricultural Provinces to be found anywhere in the entire group of islands. He found that Japanese contributions to the Provincial tax box amounted to 375,000 pesos annually and that Japanese plantations were giving employment to about 25,000 Filipinos annually, with earnings approximating 6,000,000 pesos. In addition to these advances made in agriculture the secretary found that the Japanese were building a road system. Schools had been opened for the education of Japanese children, and there was found great evidence of Japanese culture in the way of paintings, parks, monuments, club buildings. The usual evidence of Japanese thrift, courtesy, and orderliness of Japanese community life was everywhere to be found.

#### DISADVANTAGES OF JAPANESE INDUSTRY, PRESENCE, AND PREPARATION

In the Japanese colony of Davao there was also found evidence that the great and growing and aggressive military power of Japan was being strengthened. The agricultural development is but a two-edged sword. The usual and customary Japanese peaceful penetration was steadily, efficiently, and determinedly being pursued. Everywhere there was prevalent an atmosphere of mastery not unlike that which has hovered and absolutely controlled Manchukuo.

#### SPEARHEAD AND OPERATING BASE

On my own responsibility I make the charge that the Japanese agricultural activity in the Province of Davao is a disguised penetration that can easily some day form the spearhead and be used as an operating base for Japan's conquest, acquisition, and control of the Philippine Islands.

Government statistics indicate that in the municipal district of Gulanga, out of a population of about 14,000 people, there were found some 8,000 Japanese, engaged in different vocations, such as farming, lumbering, shopkeeping, photography, commerce, banking, carpentry, blacksmithing, tinkering, tailoring, and catering. Out of a total of 45 Japanese corporations conducting their operations in the island, it was found that 17 were active in this one district. It was found they had constructed a wonderful water-power dam for the purpose of operating electrical equipment, providing power for a paper mill and an ice plant. A miniature Tokyo indeed! Japanese schools, hospitals, associations, clubs, stores, banks, importing and exporting houses. Japanese culture, language, habits, and actions. The entire situation thoroughly Japanized, and everything not Japanese completely subdued by Japanese influence. A full-fledged Japanese association thoroughly organized works in complete harmony with the Tokyo government. If the commonwealth government, with headquarters at Manila, desires to advocate or administer a policy that is not in harmony with the Japanese interests in Davao it finds itself squarely up against the foreign office at Tokyo. The Japanese influence in Davao is so predominant that it in fact becomes the "invisible government." The Japanese consul general is always ready to join with the local Japanese association in protesting against the cancellation of land leases illegally acquired or in opposing anything the local government might propose that in any way interferes with the policies of Tokyo. In other words, if the local government finds itself at all in disagreement with the wishes of the Japanese association, the matter takes on the atmosphere of an international incident, and the usual embarrassment is presented. As stated by the Japanese consul in Manila, Mr. Kijara, who said:

The Japanese in Davao made sacrifices not only in money and energy but also in human lives, and to deprive them now of the fruits of their labor is unjust.

And all this in spite of the fact that the Japanese had been proceeding in an illegal manner; and Mr. S. Hammano, member of the foreign news department of the Nippon Dempo and also member of the East Asia Economic Investigating

Bureau, while at Manila made the interesting observation that in dealing with the Davao land problem—

Feelings and sentiments and the amicable relations of the Japanese and Philippine Governments should also be considered.

In other words, the Manila government, in his opinion, was not free to act according to its laws and desires, but in dealing with nationals of a foreign country who had broken the laws of the Philippine government the feelings and sentiments of other countries should be taken into consideration. He further observed that should drastic measures be taken against the Davao Japanese lessees and sublessees who may be holding their lands illegally, that these people would rather be killed than suffer eviction. He pointed out that the lands they hold had become a part of their lives, and to have the lands taken away from them would be unbearable. Mr. Hammano said:

Eviction of the Japanese landholders will be very unfortunate. They may not fight the authorities, but you know the feeling that runs in a mob.

This is rather strong language coming from Mr. Hammano.

#### JAPANESE CORPORATIONS OPERATING IN DAVAO (PROVINCIAL AREA)

The name, address, and assessed value of property and holdings of 45 corporations operating in the Province of Davao is now submitted:

#### List of Japanese corporations, Province of Davao, and assessed value

1. Otha Development Co., Talomo, Davao, Davao.....	P162,950
2. Furukawa Plantation Co., Dallao, Davao, Davao.....	188,900
3. Marasuki Konoha & Co., Sirawan, Davao, Davao.....	3,000
4. Takagi Farming Co., Bunawan, Davao, Davao.....	12,000
5. Catalunan Agricul. Co., Catalunan, Grande, Davao.....	7,550
6. Davao Commercial Co., Bolton Street, Davao, Davao.....	180
7. North Talomo Plant. Co., Catalunan, Davao, Davao.....	27,610
8. Akamine Bros. Plant. Co., Bunawan, Davao, Davao.....	37,910
9. Sirawan Plant. Co., Sirawan, Davao, Davao.....	41,400
10. Bunawan Plant. Co., Bunawan, Davao, Davao.....	78,180
11. Twain River Plant. Co., Gulanga, Davao, Davao.....	82,320
12. Mindanao Recla. Co., Tongkalan, Gulanga, Davao.....	102,460
13. Riverside Plant. Co., Malagos, Gulanga, Davao.....	204,520
14. Talomo River Agr. Co., Biao, Gulanga, Davao.....	187,600
15. Biao Plantation Co., Biao, Gulanga, Davao.....	187,400
16. Dalla Plantation Co., Tagluno, Gulanga.....	185,800
17. Takunan Plantation Co., Biao, Gulanga.....	37,660
18. Bayabas Plantation Co., Bayabas, Gulanga.....	138,110
19. Mulig Gr. & Trading Co., Bancas, Gulanga.....	75,190
20. Tugurano Plantation Co., Bayabas, Gulanga.....	91,200
21. South Mindanao Dev. Co., Tugbok, Gulanga.....	72,900
22. Bato Plantation Co., Bato, Gulanga.....	201,960
23. Tagluno River Plant. Co., Tagluno, Gulanga.....	4,150
24. South Mindanao Agr. Co., Gulanga, Davao.....	29,660
25. Piso Coco & Cattle Ranch, Lupon, Davao.....	147,180
26. Southern Cross Plant. Co., Pantukan, Davao.....	99,100
27. Davao, Trading & Farm Co., Sigaboy, Davao.....	55,760
28. Tagum Plantation Co., Tagum, Davao.....	21,780
29. Nanyo Plantation Co., Lasang, Davao.....	66,620
30. Tuganay Plantation Co., Tuganay, Tagum, Davao.....	5,280
31. Matsuo Dev. Co., Tagum, Davao.....	114,600
32. Panayo Plantation Co., Lasang, Davao.....	1,540
33. Hijo Plantation Co., Hijo, Tagum.....	27,390
34. Southern Davao Dev. Co., Lasang, Davao.....	71,400
35. Pangl Plantation Co., Pangl, Davao.....	13,200
36. Dumlan Plantation Co., Dumlan, Tagum, Davao.....	15,400
37. Lahi River Pantation Co., Magnaga, Pantukan.....	66,960
38. Pindasan Plantation Co., Pindasan, Pantukan.....	136,000
39. Mintal Plantation Co., Mintal-Ula, Gulanga.....	-----
40. Mindanao Agr. Com. Co., Iam, Gulanga, Davao.....	88,050
41. Manabulan Dev. Co., Manabulan, Gulanga, Davao.....	139,400
42. Gui Hing Plant. Co., Padada, Sta. Cruz.....	122,050
43. Itakara Plantation Co., Padada, Sta. Cruz.....	340
44. Lasang Plantation Co., Lasang, Davao.....	70,200
45. Gulanga Plantation Co., Biao, Gulanga.....	66,360

NOTE.—Data taken from the provincial treasurer's office of Davao, January 7, 1935. Nos. 25, 26, 27, 37, and 42 were originally registered American corporations acquired by the Japanese.

#### JAPAN'S INTENT TO DRIVE UNITED STATES OUT OF PHILIPPINES

Under a Paris date line of January 21, 1938, Mr. H. R. Knickerbocker said, "Japan will strike again. This is the first and last lesson that a visit to Tokyo teaches, however short the sojourn may be." He then asks the question, "Where will she strike? After China, what?" Then Mr. Knickerbocker proceeds to quote a statement taken from a memorandum from Gen. Shigeru Honjo, conqueror of Manchuria and which he passed up through his former minister of war, Gen. Jiro Minami, now Governor General of

Korea, to his Imperial Japanese Majesty and which, as quoted by Mr. Knickerbocker, reads:

After we have conquered China, our Empire will be so enriched by its natural resources that we can afford to increase our Navy until it is strong enough to drive America east of Hawaii, leaving the Philippines in our hands. After America has been driven out of the Far East, the English at Hong Kong and Singapore will not be much trouble, for our Navy can easily take these two places.

Japan's 4,000-year-old culture and the tremendous pressure of her population, her unexcelled energy, and ability to organize and coordinate have given her an understanding of the American mind, philosophy, and territory such as we ourselves do not possess. Centuries ago Japan learned the fundamental truth that "to know your opponent is to be able to handle him." Japan knows the United States. Japan's recent industrialization, her aggressiveness, and her success in commanding world markets against all commercial forces have given her people spiritual encouragement. This has intensified her national spirit and increased the confidence of her people in their ability to accomplish great undertakings. Japan is not a dying race. She is not static. She is dynamic. The successive surges of her people grow stronger. In the United States there are many who now believe that each successive surge of our people grows weaker.

#### RELATIVE GEOGRAPHICAL POSITION OF PHILIPPINE ISLANDS

In view of the fact that the Philippine problem remains unsolved insofar as the United States is concerned, it is well for us to keep in mind or to renew our acquaintance with the following facts and distances:

#### Distances in nautical miles from Manila to—

Yokohama.....	1,757
New York.....	11,364
New Orleans.....	10,793
San Francisco.....	6,221
Honolulu.....	4,767
Panama.....	9,347
Hong Kong.....	631
Shanghai.....	1,162
Singapore.....	1,370
Calcutta.....	2,990
Bombay.....	3,822
Bangkok.....	1,430
Melbourne.....	4,528
Sourabaya.....	1,663
Aden (England).....	5,021
Saigon.....	907

One glance shows the tremendous advantage Japan has over the Philippines and the Federated Malay States as compared with the advantages held by the United States and/or Great Britain. One should always keep in mind that many of the mandated islands given over to Japan lie directly between the Philippines and Hawaii. These form ideal operating bases for Japanese military, naval, and commercial operations, whether Japan operates against the Philippines, the Federated Malay States, Sumatra, Java, Borneo, New Guinea, or the Commonwealth of Australia. In all of these countries we find great natural resources and territory ready for harvesting by some aggressive power willing to fully develop agricultural, commercial, and mineral potentialities.

#### PRODUCTION OF ABACA (MANILA HEMP)

Mr. Chairman, one who has served in the Army or sailed the seven seas knows the importance of manila rope and the great necessity for an ample supply of it in times of peace and war. A southern cotton planter can get along with a cotton rope when it comes to driving his mules. A western cowman can make out with a hair rope for use on his ranch, but for the Army and Navy they must have real manila rope. When you travel into the interior of the Philippine Islands you find various lengths and qualities of manila hemp. The central and northern islands are subjected to the devastating typhoons that so often sweep across the land area and bring destruction to growing plant life. The abaca plant grows to heights ranging from say 5 to 25 feet. A terrific wind and rain storm, sweeping across coun-



try, twists and destroys the growing hemp—abaca—injures the fiber, and causes great destruction to crops and property. When the finished crop is placed on the market it brings a low price, just as the injured short-staple, water-soaked and discolored cotton fiber of the Southern States when it is placed in market channels against the long-fiber cotton which has been harvested without weather damage.

No other place on the face of the earth produces abaca—manila hemp—that compares in quality with that grown in the Province of Davao, island of Mindanao. The entire world is dependent upon the Philippines for its high-grade manila rope, meaning to say, of course, the quality of fiber out of which the rope is manufactured. No other place enjoys such favorable climate, rainfall, soil, and labor conditions. This territory, as I have pointed out, is free from the storms and typhoons which cause such tremendous damage to the crops grown in other parts of the islands and which make agriculture more hazardous from the standpoint of the individual crop and more costly from the standpoint of fixed charges, maintenance of buildings, seedbeds, absence of soil erosion, and so forth. It should not be overlooked that throughout the islands three crops are harmonized together—sugarcane, coconut-tree propagation and production of the nut meat—copra, and the growing of abaca—manila hemp. Storm damage can be quite disastrous to all three crops, and where there are no storms all crops are secure from this type of damage.

In the island of Mindanao we find the rich, undeveloped soils which go to make up the Cotabato Valley. This broad valley is perhaps the largest and most important of the undeveloped agricultural regions in the Philippine Islands and the largest area recommended by the special agents of the Department of Commerce as suitable for plantation rubber growing. The valley, exclusive of the Buluan and Liguasan marshlands, contains 18,000 square miles and averages 30 miles in width. This valley alone can be converted into rubber plantations and thereby become one of the greatest assets the Japanese Empire could possibly acquire anywhere in the world. Indeed! Japan is not overlooking the possibilities in this single development.

It is no idle dream to make the prediction that the day is not far distant, unless steps are taken to prevent the development of such a situation, wherein the United States will become almost entirely dependent upon Japan for our supply of high-grade manila hemp to be used by the Army and Navy.

#### LANDS ILLEGALLY ACQUIRED

With the port of Davao now almost entirely under the control of the Japanese and with tens of thousands of acres of land illegally acquired by Japanese nationals, what steps can be taken to remedy the situation? Let us consider these questions: Why has the United States been so negligent in its duties and responsibilities, thus permitting the Japanese acquisitions and entrenchment? Did the Governors General fail in their duty? Has the Philippine Legislature been unduly influenced by members of its own body sympathetically working with the Japanese? What is the significance of the leases acquired by Japanese who worked closely with Filipino officials in acquiring leases in violation of the public-land laws? Has there been collusion? Among other ways that might be suggested as a solution to the problem, I submit the following:

Cancelation of the leases which were illegally acquired.

Let the leases expire and prevent their renewal.

Purchase the property of the Japanese nationals located on the lands which have been illegally acquired and forbid the acquisition of similar leases in the future.

Legalize the illegal leases and enact land laws prohibiting the further acquisition of real estate by Japanese nationals and prohibit the operation of Japanese controlled and dominated corporations anywhere in the islands.

This whole matter is of great interest and concern to all of the people of the United States as well as the Filipinos. We are still tied into the islands from the standpoint of

military, naval, and international relations. There is no immediate escape from this fact. When Japan moves to illegally acquire or dominate any part of the Philippine Islands, it is equivalent to making a similar attempt to acquire and dominate a part of the United States. It is now time for us to act with reference to the determination of a policy to cope with the Japanese invasion of Davao.

#### INDEPENDENT OR DOMINION STATUS FOR PHILIPPINES

Mr. Chairman, although the Economic Commission recently sent to the Philippines to study trade relations between the islands and the United States has not yet made public to the Congress its final report, the President has indicated that he will ask for a continuation of certain relations and beyond the independence date of July 4, 1946, set forth in the Independence Act. It appears that the United States will be kept closely related to the islands until 1960. There is ample evidence that "second thoughts" are now occurring on the question of complete and full independence for the islands. From an editorial in the December 1937 issue of the Philippine Magazine, published in Manila, I quote the following:

Vice President Sergio Osmena spoke recently of the "onerous burdens and responsibilities attendant upon the exercise of full sovereignty" and of the fact that the circumstances in the Far East today hold grave warning to our people \* \* \* they should be thankful that time has been given them to put their house in order while the American flag flies over their country in benevolent protection; at the same time they should take heed of the surrounding realities and understand the terrible dilemma that contemporary events present to all nations aspiring to be free.

Further quoting from the editorial, we find a statement to the effect that—

President Manuel L. Quezon said, in his message to the assembly a month or so ago: "If we are fearful of the possible threats that complete independence may offer to our national security, and we would rather remain under the protecting wing of the United States, then let us leave the final determination of our future to coming generations and not deceive ourselves with the groundless hope that by 1946 we shall be politically and economically beyond any serious difficulty \* \* \*."

The editorial goes on to say:

These quotations are taken out of their context, but their meaning is thus better understood.

Webster defines dominion:

Sovereign or supreme authority; the power of governing and controlling; independent right of possession, use, and control; sovereignty; supremacy.

The United States cannot afford to be unmindful of the staggering progress which is being made by Japan in her peaceful and quiet penetration and conquering of the Philippine Islands. [Applause.]

Mr. COLLINS. Mr. Chairman, I yield 10 minutes to the gentleman from Florida [Mr. GREEN].

Mr. GREEN. Mr. Chairman, I have listened with much interest to the debate this afternoon and have been deeply impressed by it, but somehow I cannot take my mind off of another subject and problem which transcend in importance the situation in the Philippine Islands and climaxes the situation in China and Japan, and no doubt even surmounts in importance the balancing of our National Budget. I have in mind the race problem, which I believe is a problem of more importance than any of the tremendous problems facing American civilization.

This is a subject I have no desire to speak on, and the making of my remarks this afternoon and my action here this afternoon with respect to the legislation I shall introduce is a matter of duty rather than one of pleasure. I do not claim to be an authority on this subject, but I cannot help but be mindful of the legislation which was before our body not so many weeks ago and was passed in the House by about a two-thirds majority. A large area of our country—the South—I believe, gave only one vote favoring the passage of this wrecker of American government. In the other legislative body for many days debate has gone on in a heated manner, deep sentiments have been expressed, Members of this other body have spoken on it with feeling and emotion,

manifesting interest in the subject, yet I do not know of any legislative suggestion which has been offered that can lead to any hope of a peaceful and proper solution of this problem.

Talk has aroused two forms of philosophy with respect to government and human existence. One philosophy—the one to which I cling—is that white men are superior in intellect, in general ability, and in ability to govern to any race in the world. I believe they shall forever dominate the governments of civilized nations. The other philosophy or thought is that there is no difference in races and that if one shall be pulled down to meet the other in order to bring an amalgamation, then this is a proper process of government.

So there has been so much said and so little done about it, I have reluctantly decided to drop in the hopper this afternoon a resolution, not from choice but as an offer of help to those in the future who must meet and solve this problem. I do it with the hope that possibly some little thought may come to some minds in America which will help them in the future to meet and solve this grave problem.

This resolution would create a joint committee or commission of five Members of the House and five Members of the Senate to make a study of the problem with respect to races in America and within 1 year report back to the Congress their recommendations.

It is expected that among the things that could be studied would be whether or not it is wise and possible that the four or five colored races in America be amalgamated and one absorbed by the whites of America; also whether the hybrid offspring would be able to carry on American institutions and government. This is one thought they may study; and on the other hand, they may study the question of whether or not it would be advisable to undertake in the fullness of time the segregation of the colored races in America—this to be done within our own continental borders of the United States or beyond our borders. If segregation should be agreed upon, whether one or more States of the Union should be used as a place for the home and/or government of the colored races.

There are many questions that could be considered, among them:

First. If the colored races of America are to be segregated on lands not within the border of the United States, should our insular or territorial possessions be used for this purpose?

Second. Should the American Government undertake to acquire by treaty or purchase additional lands to be utilized exclusively for the colored races of America?

Third. If foreign lands are to be secured, would it be possible to obtain any possessions now held by American debtors as payment of foreign debts to America?

Fourth. Would constitutional amendment or amendments be required to carry out any plan of segregation?

Fifth. Would the segregated area be a parcel and part of existing Government of the United States, or would the segregated area maintain its own government and be protected and assisted by our Government?

Sixth. What financial guaranty and security should our Government as such give to this segregated area and/or its inhabitants?

The problem is one of great magnitude and any solution of it, if there is a solution, will require much thought and the conscientious mind of America patriotically applied.

I fully realize that this character of resolution is far in advance of the formation of public sentiment upon this subject. It may be a long time before congressional action of this nature is passed. However, it is obvious that this matter must ultimately be met.

In the fullness of time the American Congress will be called upon to act in this matter; not that you or I would have it this way, but fates and circumstances have so decreed. [Applause.]

[Here the gavel fell.]

Mr. COLLINS. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. MAVERICK].

#### MESSAGE ON REARMAMENT BY THE PRESIDENT

Mr. MAVERICK. Mr. Chairman, we came here this afternoon to hear a message from the President of the United States concerning rearmament of the United States. I mean, we came here an hour early, at 11 o'clock, and the Presidential message was read to a House which had, as I remember, something like 35 or 40 Members present.

More or less lackadaisically it was tossed off on the House and read to us as though it were just an ordinary message, about a post office, a sort of casual speech, read to us in an offhand manner in all these serious troubles of the world.

My personal opinion is that this message sent to us today is by far the most important message this Congress has received since 1917, when Woodrow Wilson gave his message on war with Germany as President of the United States.

The thing that worries me about the message is the fact that it sometimes looks as if the New Deal has abandoned all its economic and political ideals and that we are riding wild horses in all separate directions and not getting anywhere.

It seems as if we are going to adopt the policy of building democratic bombs and democratic battleships—and if you bomb a city, of course, the people living there will have a feeling of happiness in knowing that they go to their death by a democratic bomb.

#### SHORT MESSAGE OF PRESIDENT—WHAT IS OUR POLICY?

The message of the President was extremely short.

It seems, after hearing it, that it is utterly impossible for us to go on with this rearmament program unless we form some idea as to our foreign policy. The message we got today is deeply imbedded in foreign policy, and we have to look at it from that viewpoint. It is the very essence of foreign policy.

In that connection I want to ask two or three questions.

If we are going on to have a navy building program, is our policy going to be one in which we will only take care of ourselves and arm ourselves to the teeth, or are we going to be for collective security, wherein the various nations get together for some form of peace? Which is it? The American people have a right to know.

Then I wonder if we are going to have a policy to protect the Western Hemisphere, which includes North and South America and Central America and a considerable number of islands around the United States. Is it for the purpose of protecting the Monroe Doctrine? Or is it to form an alliance with England? Are we to be auxiliary to England? I want to know.

Then, I wonder what is defense? That has been mentioned here today also.

#### BATTLESHIPS UP THE YANGTZE, TO HAWAII, OR ON OUR COASTS?

Does it mean that we are going to have a battleship 600 miles up the Yangtze River, or does it mean that we are going to run warships over to Hawaii?

Does it mean that we are going to defend our own country, or does it mean that we are going to pass some logical defense legislation?

My colleagues, we have to decide that for ourselves, because it cannot be decided by either the President or the most competent of naval technicians. We have to determine our policy, and tell the technicians what to do. We are elected to represent the American people—to them we owe our duty.

#### EVERYBODY BUILDS BATTLESHIPS; SO SHALL WE JOIN IN?

Another argument I have heard brought up here is that we have to build battleships because everybody else is building battleships. It is the same thing as saying that if you and your wife can afford a Pontiac automobile, then you ought to have a very expensive automobile, like a Rolls Royce, and not let your children eat, and go into bankruptcy simply because the Joneses have that more expensive car.

I do not see any argument to that. Let the Joneses go bankrupt financially and morally, but not us. It may be that we can get by with a Pontiac, but I see no sense in our



going bankrupt and lowering the standard of living of our people—and finally going to war anyhow—simply because we want to build some very fine battleships, particularly if we have an adequate defense system. I say to you, I know that we have got a good Army and a good Marine Corps and a good Navy at the present time.

#### DO PACIFISTS FAVOR ARMAMENT (WAR) FOR PEACE?

Another thing that impresses me in this whole affair is that a great many of the people who call themselves left wingers and progressives and radicals and pacifists have either gone to sleep completely or they are in favor of this program of huge armament. A most astounding thing to me is that I have talked with a great many people who call themselves pacifists, and they say we ought to build these battleships for the purpose of having peace, and that the time has now come for us to make the world safe for democracy.

#### SAVE WORLD FOR DEMOCRACY (WAR) AND FROM FASCISM (AND GET MORE WAR)

Oh, well, we made the world safe for democracy once, back in 1917, and look what we got! They also say that we have to save the world from fascism.

Figuring from what we got in the last war and what we will get in the next one, with death-dealing machines a hundred times more powerful than in the last, nothing can be gained by getting into war, either in making the world safe for democracy or saving it from fascism.

War is not worth the candle.

#### HAVE WE POLICIES, DOMESTIC OR FOREIGN?

At this point I want to emphasize that we haven't any policies at this time, either domestic or foreign. I said a moment ago that we did not have any particular national policy. I think we have no foreign policy whatever and our domestic policies are not being carried out.

I asked this question of a gentleman on the floor the other day, "Don't you believe that we ought to do something about this huge unemployment that we have today?" and he answered "Yes." "Listen," he said, "we ought to go build more battleships in order to correct unemployment."

My God!

#### UNITED STATES OPENS ROPE FACTORY TO HANG ITSELF

Has this country come to the point where we have to build battleships to keep people employed? Here is what it reminds me of:

It is just like the United States Government's opening a rope factory and going out here and manufacturing rope in order to hang itself. That is all you can get out of building unnecessary battleships.

#### ANALYSIS OF PRESIDENTIAL MESSAGE

I want now to analyze the President's message as well as I can in the time allotted.

The fifth paragraph reads:

That the existing authorized building program for increases and replacements in the Navy be increased 20 percent.

This means that we are to increase the present program 20 percent, and all the other things he asks are in addition to that, as far as I am able to ascertain.

It seems to me we have done enough already.

We have two battleships building, and we authorized two more the other day. That is four.

The President asks for still another two, which means six battleships, at a tremendous cost to the American people.

Mr. RANDOLPH. Mr. Chairman, will the gentleman yield?

Mr. MAVERICK. I yield to my good friend from West Virginia.

Mr. RANDOLPH. I rise at this time simply for the purpose of keeping my own position clear and I believe the position of a great many Members of the House. I want to reiterate what I said the other day: We are actually tossing this money away through continued spending of it on battleships as a means of any type of national defense.

Mr. MAVERICK. I think the gentleman is 'absolutely right, because when you build a battleship it is gone forever. Money thrown in the sea, never to rise.

If you use it on P. W. A. or W. P. A., you at least get something out of it, although it may not be much.

Returning to the President's message, he asks this Congress to authorize and appropriate money for the laying down of two additional battleships. Then he goes on to state that this will call for the expenditure of a very small amount of Government funds during the fiscal year of 1939.

#### VERY SMALL AMOUNT OF MONEY—JUST A FEW HUNDRED MILLION

Those two battleships are going to cost seventy-odd million dollars apiece, I do not care whether they are built in 1938, 1939, or 1950; they are going to cost a whale of a lot of money. Saying that it will not cost much money in a certain fiscal year does not affect the total price.

I think that this Congress, if we are going to carry out the function of democratic government, has got to consider the total cost of these things and not the cost in a particular year. We must also consider if they are absolutely necessary. We may have been right in voting the other two battleships, but I think we are getting on very dangerous ground now.

Mr. KITCHENS. Mr. Chairman, will the gentleman yield?

Mr. MAVERICK. I yield.

Mr. KITCHENS. Has it occurred to the gentleman that possibly in certain nations of the world there is growing up a spirit that means the survival of the fittest among the nations?

Mr. MAVERICK. Yes; absolutely. But we can defend ourselves.

Does the gentleman think it was positively necessary for the preservation of the United States that we went into the World War?

Mr. KITCHENS. That is quite a large question.

Mr. MAVERICK. The gentleman asked me a large one; this is a large day.

Mr. KITCHENS. I feel that the United States was perfectly justified in going into the World War.

Mr. MAVERICK. I did not ask that.

[Here the gavel fell.]

Mr. COLLINS. Mr. Chairman, I yield 5 additional minutes to the gentleman from Texas.

Mr. MAVERICK. Thank you very much. I say to Mr. KITCHENS, the gentleman from Arkansas, I am not talking about the moral justification of our action in going into the World War; does the gentleman think it was necessary for the preservation of the United States that we go into that war?

Mr. KITCHENS. I am inclined to feel that it was.

Mr. MAVERICK. Inclined. But the gentleman feels that some other nations are going to take this action now—invade us?

Mr. KITCHENS. I imagine that if Japan can conquer China she might be able, as they were way back yonder under Genghis Khan, to sweep the whole of Asia and take Europe. If they did that, then they could take this country.

Mr. MAVERICK. I thank the gentleman, and I will answer him. That very fear the gentleman expresses about Japan sweeping the whole world is the basic reason, the psychology of why we got in the World War, only it was then another nation. Are we to make the same mistake?

We have got to get out of that way of thinking or we are going to get into another war, thinking that Japan is going to try to conquer the world. [Applause.]

Mr. CULKIN. Mr. Chairman, will the gentleman yield?

Mr. MAVERICK. I yield to my friend from New York.

Mr. CULKIN. The gentleman wonders what the foreign policy of the administration is. Could he give us any estimate or approximation of what that policy is and what it wants these battleships for now?

Mr. MAVERICK. I just got through saying I did not know. I do not know what our foreign policy is, and I do not know what these battleships are for.

Mr. CULKIN. Does not the gentleman feel that the House should know before it votes this money?

Mr. MAVERICK. I think the House ought to know; and I want to say now while we are talking about it—I am not criticizing the gentleman because I think it is a nonpartisan question the gentleman has asked me—when we talk about new battleships we should absolutely abandon any idea of partisanship whatsoever. [Applause.]

I hope that no partisan question will be asked me. I do not think the gentleman asked me one. But we talk of war, many of us were soldiers, our sons—

Mr. CULKIN. I do not believe in any partisan question about the shedding of American blood; and I think this whole program is predicated on shedding blood.

Mr. MAVERICK. I think a dead Republican is just as dead as a dead Democrat. [Laughter.] But, seriously, we are talking on the high stakes of civilization of the world.

Mr. VOORHIS. Mr. Chairman, will the gentleman yield?

Mr. MAVERICK. I yield to my very good and distinguished friend from California.

Mr. VOORHIS. The gentleman pointed out—and I think with very telling logic—that an attempt to fight a war to destroy a system of government such as Fascist dictatorship is almost certain to be doomed to failure in the beginning. Does not the gentleman, therefore, feel that in the beginning it would be well for us to determine the line of our defense with some care in order that on the basis of that line we may take the kind of strong and dignified stand that people have been advocating?

Mr. MAVERICK. Of course. I think the gentleman is right. And may I say further, I do not think it is any business of the American people whether the Germans have fascism or the Russians have communism. [Applause.]

We do not want to build battleships to convert somebody to our form of government. If we preserve democracy here—and that is going to be a hard job—we will be doing pretty good. [Applause.]

Mr. COLDEN. Will the gentleman yield?

Mr. MAVERICK. I yield to the gentleman from California.

Mr. COLDEN. Is it not sufficient justification to build a great navy that three of the great nations of this world have violated their treaties with other countries and are showing thereby their disregard for international law? Is that not a warning to every democracy that we must be ready to defend ourselves?

Mr. MAVERICK. I think we ought to defend ourselves and I will vote for 50 or 100 battleships if I am convinced they are necessary; but because other nations arm themselves and violate treaties is no reason for us to be dishonorable and violate treaties; but in any event we already have an adequate defense.

Mr. McCORMACK. Will the gentleman yield?

Mr. MAVERICK. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. I agree with the general statement that it is not our concern what form of government other people have. I think the gentleman will agree that we have concern if minorities are being persecuted. Does the gentleman agree with that statement?

Mr. MAVERICK. I would rather not answer that question because it is not relevant to what I am talking about. If the gentleman is talking about the persecution of the Jews in Rumania or Germany or Poland, I am very sorry about it, but I am not decided what we should do.

Mr. McCORMACK. I refer to the persecution of any minority.

Mr. MAVERICK. I object to it; I think it is wrong, but I do not think America should take any official or military action against Rumania or any other nation because it persecutes a minority over there.

[Here the gavel fell.]

Mr. COLLINS. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. McCORMACK. The gentleman, I am sure, does not mean exactly that. The gentleman, of course, recognizes there are plenty of precedents for our Government offering its good offices and doing everything within its power, in accordance with international law, to try and alleviate or remove the persecution of a minority. Is the gentleman aware of that fact?

Mr. MAVERICK. I think we have done that before; yes.

Mr. McCORMACK. I was sure the gentleman would agree with that statement. My purpose in asking the gentleman the question was so that the Record would not show something he said from which a wrong interpretation might be drawn. One more question. While I agree with the general proposition and the exceptions which the gentleman has agreed with me on, I think the gentleman will also agree that while it is none of our business what form of government another country has, it is also not a part of that government's business to inject its philosophy into our domestic life.

Mr. MAVERICK. I agree with the statement and I have the highest contempt for any government that attempts it.

Mr. BARRY. Will the gentleman yield?

Mr. MAVERICK. I yield to the gentleman from New York.

Mr. BARRY. Do I understand the gentleman to mean that the persecution of a minority in a foreign country would justify our going to war?

Mr. MAVERICK. No! No! Nothing will justify our going to war except a war of absolute defense. That is the only excuse. [Applause.]

Mr. GIFFORD. Will the gentleman yield?

Mr. MAVERICK. I yield to my distinguished friend from Massachusetts.

Mr. GIFFORD. I can visualize the gentleman himself may be President of the United States some day [applause]—

Mr. MAVERICK. I want to applaud that myself! Thank you for a vision that will never come true—

Mr. GIFFORD. And when he shall have been elected, can he not visualize coming before the Congress and asking us to give him plenty of real backing in order that he might insist upon the honorable demands of this Nation?

The gentleman realizes the necessity of these demands on the part of his President?

Mr. MAVERICK. Yes, my friend. I can visualize any man who is President of the United States having a terribly tragic responsibility.

That is what Mr. Roosevelt has today, but Mr. Roosevelt is only one man and we are men who are elected by the people to read these messages, then decide whether we want to carry out the suggestion or not.

I think we should use our most considered judgment. [Applause.]

Mr. GIFFORD. That is a new doctrine.

Mr. MAVERICK. No; there is nothing new in that.

Mr. GIFFORD. We were told when elected to do exactly as he wanted us to do.

Mr. MAVERICK. I think generally President Roosevelt is right, but not always; not always.

Mr. COLLINS. Will the gentleman yield?

Mr. MAVERICK. I yield to the gentleman from Mississippi.

Mr. COLLINS. In answer to my friend the gentleman from Massachusetts, I want to call to his attention the provisions of the Constitution which impose upon the Congress the duty and the responsibility of raising and supporting the Army and the further duty of providing and maintaining a navy. That is a duty of the Congress, and it shall be careful that worth-while expenditures are made. Certainly excessive amounts should not be spent on obsolete types of weapons, and many of us believe that the battleship belongs in that category. Careful scrutiny should be given further grants of public money beyond those recommended by the Budget to date.



Mr. GIFFORD. May I answer that by saying that is something I knew, but I did not suppose some of the rest of you did.

Mr. McCORMACK. It is the duty of the President to recommend to the Congress.

Mr. MAVERICK. Sure. It is the constitutional duty of the President to recommend to the Congress, and it is our constitutional duty to do our duty and not take up recommendations and pass them if we do not think they are right. [Applause.]

#### PROFITEERING IN WAR MUST BE STOPPED—NEVER WAS BEFORE

Mr. Chairman, I want to go on with this message. The message of the President states further, as follows:

I believe also that the time has come for Congress to enact legislation aimed at the prevention of profiteering in war.

Why hasn't the time been here all the time? Has the time suddenly come upon us all at once so far as this particular situation is concerned?

What is the meaning of this?

I want to say something about this war profiteering business. We brought up a bill here that was supposed to stop war profiteering in 1935, 3 years ago. When it was brought up for consideration, the essential qualities of that bill provided for a draft of human beings and a guaranteed profit in war. That is all it did.

That bill stunk to the high clouds of heaven.

[Here the gavel fell.]

Mr. ENGEL. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. MAVERICK. Mr. Chairman, all that bill did was to guarantee the profits of war. Let us consider this war-profiteering bill that the Committee on Military Affairs has reported.

#### THE ADVANCE OF EXECUTIVE POWER; DECLINE OF CONGRESS

In its original form, considerable objection was made by me and by many others to the drafting of manpower, and that provision was cut out.

What does the present bill cover?

The bill states the President does so and so, but as a matter of fact, if you analyze the bill, it is a definite step toward a form of government in which the Executive has complete power. Think that over seriously before you vote for it.

Take it section by section. It states the President determines that any maximum price shall be adjusted, with other and numerous privileges. This power is put into the hands of the President and abandoned by the Congress.

Then the bill states the President is authorized to determine and publicly proclaim from time to time the material resources, industrial organizations, and so on. We abandon all our power in this particular field—the business and economic, which is about the biggest—and give it to the President.

The bill further states that during such time of war the President is authorized when it is necessary for the successful prosecution of war to require under rules and regulations the registration of individuals. That gets nearly everything.

A further provision states that the President may publicly proclaim what classes of public service, real and personal property, or rights or interests therein, and what classes of owners, and so forth, may deal in certain things. What else is there for Congress to determine? Nothing.

Section 6 states:

During such time of war the President is authorized to determine and publicly proclaim the order or priority in which any owner, manufacturer, dealer, producer, exporter, importer, or public service in the United States shall fill orders, or transport or deliver anything, or furnish power or service of any kind.

"FASCISM," "COMMUNISM," LOOSELY USED WORDS—BUT SOMETIMES RELEVANT

I do not like to use the words "fascism" or "communism," but this bill is actually a step in a direction away from democratic government, and to a totalitarian or dictatorial government. Who can deny it? Everything we have done in

the last 6 weeks or the last 3 months has been in accordance with a war psychology and not a peace psychology.

And a bill which abandons our legislative power to the Executive would just about cap the climax.

We say, "We must have a bill to stop profiteering." This is not a bill to stop profiteering but one which will guarantee profiteering.

Someone may state this bill provides for taxation which would take the profits out of war. This bill does nothing of the kind. All this bill does is state that a report must be brought to the Congress and we may act on it.

This measure is not good legislation. If we are going to pass such a bill, we ought to have hearings all over again so we can really have a decent bill enacted for the people of the United States which actually stops profiteering and does not abandon democracy.

Mr. EBERHARTER. Mr. Chairman, will the gentleman yield?

Mr. MAVERICK. I yield to the gentleman from Pennsylvania.

Mr. EBERHARTER. The gentleman is talking in general about the President's message, and has turned to the subject of this particular bill. The gentleman certainly does not want to give the impression that the President's message can be construed as a recommendation of this particular bill, about which the gentleman is now speaking?

Mr. MAVERICK. No; I did not say that and I do not believe it. I believe the President, like any other man, is absolutely conscientious in wanting a bill that takes the profits out of war. I merely say this bill does not take the profits out of war.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. MAVERICK. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. At the outset of his remarks the gentleman stated he had difficulty in understanding the foreign policy of our country. Does the gentleman really mean this?

Mr. MAVERICK. Why, certainly, I mean it. Does the gentleman understand it? If the gentleman does understand it, I should like to have him explain the foreign policy of this country.

Mr. McCORMACK. Does the gentleman yield me all of his time?

Mr. MAVERICK. I do not have very much time.

Mr. McCORMACK. I will take what time the gentleman has. I should like to answer the question.

Mr. MAVERICK. Can the gentleman answer it briefly?

Mr. McCORMACK. It would take all the balance of the gentleman's time.

Mr. MAVERICK. I have only 2 minutes left. The gentleman may take that 2 minutes.

Mr. McCORMACK. The policy of our Government is very plain. Our Government is not supposed to disclose confidential secrets that will place it in an embarrassing position in the performance of its diplomatic duties and will embarrass the Government in its relationship to other nations of the world. If the gentleman or anybody else expects our Government to disclose such secrets, I may say the American people generally do not expect the Government to do so. The known policy of the present administration is very plain. The administration has shown it on the Panay incident, is showing it now, and has shown it in connection with the incident of the Reubens woman in Russia. Whether she is a Communist or not, she is an American citizen, and the Government is taking a firm position. As a matter of fact, we ought to withdraw our recognition of Russia, and if I had my way we would.

Mr. MAVERICK. May I ask the gentleman a question?

Mr. McCORMACK. Wait a minute. The gentleman asked me a question and he should let me proceed.

Mr. MAVERICK. The time of my own that I yielded seems irrevocable. [Laughter.]

Mr. McCORMACK. We have as Secretary of State one of the ablest men who has ever occupied that position in the history of our country. Everyone has profound respect for him. Within the last few days an organization has been created to support him in his reciprocal trade agreement policy.

[Here the gavel fell.]

Mr. ENGEL. Mr. Chairman, I yield 5 minutes to the gentleman from Texas.

Mr. McCORMACK. Will the gentleman allow me to continue to answer his question?

Mr. MAVERICK. This 5 minutes is mine. I must refuse to yield to anybody for awhile. I want to say something in my own time.

Mr. McCORMACK. Have I conveyed to the gentleman sufficient information?

Mr. MAVERICK. The gentleman has conveyed information to me, but I may say in reply to the gentleman from Massachusetts he has not said anything about the foreign policy of the United States.

Mr. McCORMACK. The gentleman from Massachusetts has not yet started. The gentleman from Texas has not given him enough time.

Mr. MAVERICK. Time marches on. I cannot march forever; hence I must decline to yield further to the gentleman from Massachusetts.

Mr. BREWSTER. Mr. Chairman, will the gentleman yield me 1 minute of his time?

Mr. MAVERICK. No; I must decline to yield just now. A little later, my friend. Let me finish my statement.

I do not believe the gentleman from Massachusetts said anything about our foreign policy.

He stated we have deep, dark secrets.

I say the general foreign policy of any country is ordinarily known and should be known by the people.

The people of England know that England is a maritime nation whose citizens go all over the world in search of trade.

For us, the question whether we want one of our battleships to be 600 miles up the Yangtze ought to be known to the American people, and such questions should not be handled by someone coming on the floor and whispering to us, "This is something secret. Keep it to yourself. The President knows more than you do about it. We should not do anything about this because it is secret."

I say the general principles of our foreign policy ought to be known by this House of Representatives and by the American people. [Applause.]

Mr. BREWSTER and Mr. McCORMACK rose.

Mr. MAVERICK. I must yield to the gentleman from Maine, as I am talking now on Republican time.

Mr. BREWSTER. In the 1 minute of my time I want the gentleman from Massachusetts [Mr. McCORMACK] to use that time to tell us what particular foreign policy was served by holding the note of January 17 until last night? Why was the American public kept in the dark until the eve of the Presidential message?

Mr. McCORMACK rose.

Mr. MAVERICK. Mr. Chairman, can I make a collateral agreement that the gentleman will not talk over 1 minute?

The CHAIRMAN. The gentleman from Texas has the floor and has yielded for a question.

Mr. McCORMACK. Does the gentleman yield?

Mr. MAVERICK. I yield for a very brief question.

Mr. McCORMACK. I will not continue questioning the gentleman because the gentleman always states interesting things and is a convincing talker and a wholesome and sincere gentleman, too.

Mr. MAVERICK. I can say the same for my friend from Massachusetts.

Mr. McCORMACK. I want to make this observation about the Secretary of State. I could talk about him for a long time. He is a great man, but the interesting thing is that the president of the Boston Chamber of Commerce only

the other day in a speech at Boston eulogized Secretary Hull for the great work he is doing, and there was recently formed an organization, of which Mr. Stimson and other members of the Republican Party in the country are members, the purpose of which is to fight for the great work that Secretary Hull is doing along the lines of reciprocal-trade agreements.

Mr. MAVERICK. I thank the gentleman, and I believe the Secretary of State is doing a great piece of work. But let me say—please do not interrupt me for awhile: Today in this Chamber, in this House of Representatives of the United States, we may have a certain amount of facetious feeling, but we do not, deep in our hearts. Really, I discern a deep feeling. Something is hanging over us. I tell you that on what the House of Representatives and the Senate of the United States do hinges the fate of the world. [Applause.]

This is the truth.

What happens in this Nation right here, what we do and what is to happen to civilization for all eternity is dependent on what we do in this House of Representatives. [Applause.] I may overestimate, but something tells me I speak the truth. No men ever had greater responsibility.

[Here the gavel fell.]

Mr. ENGEL. Mr. Chairman, I yield the gentleman 2 minutes to answer a question.

Mr. MAVERICK. I yield.

Mr. ENGEL. In the President's message recommendation No. 5 reads:

That the existing authorized building program for increases and replacements in the Navy be increased by 20 percent.

Mr. MAVERICK. Yes.

Mr. ENGEL. Has the gentleman from Texas or the gentleman from Massachusetts [Mr. McCORMACK] any information, first, as to what it would cost the Government to bring our present Navy up to authorized strength; and, second, what it would cost to bring our Navy up to authorized strength plus 20 percent in excess of authorized strength?

I have particular reference to the statement made by the gentleman from Oklahoma [Mr. FERGUSON] when he said that this message provided for an increase of \$100,000,000, being 20 percent of the \$500,000,000 which is carried in the Navy bill. As I understand it, this message has nothing to do with our present Navy appropriation bill, but has to do with the bringing up of our Navy to authorized strength and then adding 20 percent to it, and I am interested in that phase of the matter.

Mr. MAVERICK. I may say to the gentleman that the very fact I cannot answer the question and that nobody on this floor can answer it is proof of the fact we ought to go into this thing more deeply.

My understanding is that the Vinson-Trammell Act has not been fulfilled as to authorized units. This means an increase to fulfill that program and, in addition, it is recommended that we raise the original authorization 20 percent more; this is in addition to the two more battleships, and instead of being \$100,000,000 this may mean \$500,000,000 and it may be spread over a period of years instead of 1 year.

No one knows; whatever it is, it is a heavy, onerous burden, and I mean morally, financially, and economically.

This is the reason I got up here to talk today. We have got to look at this matter seriously and for a long time before we vote for these naval appropriations. [Applause.]

Mr. COLLINS. Mr. Chairman, I yield 10 minutes to the gentleman from Washington [Mr. COFFEE].

#### ENFORCEMENT OF ECONOMIC FEATURES OF OUR ANTITRUST LAWS

Mr. COFFEE of Washington. Mr. Chairman, all America should rejoice at the victory attained by Government counsel in the trial of the major oil companies for conspiracy to violate the Federal antitrust laws just ended at Madison, Wis.—United States of America against Standard Oil Co. of Indiana and others, No. 11365. Perhaps the longest jury trial in his-



tory, the conviction comes as a new Magna Carta for independent businessmen and the common people everywhere in this great land of ours.

Just envision in your minds the stupendous task that faced a small group of less than half a dozen Government lawyers arrayed against almost a hundred lawyers, the cream of the American bar. I congratulate the judge, Patrick T. Stone, and the jury that heard the case, in seeing through the wily efforts of these corporate lawyers to confuse the issues.

#### GOVERNMENT COUNSEL DESERVE PRAISE IN WISCONSIN OIL CASE

The Government lawyers that handled this case have proven they are of the right metal. They are the type that will see through to a conclusion the campaign of the Honorable Robert Jackson, Assistant Attorney General, in charge of the Antitrust Division of the Department of Justice, to enforce the antitrust laws and break up monopolies. To these men I want to give my highest praise for their diligent performance of duty against such tremendous odds. My hat is doffed to Government Counsel William P. Crawford, Hammond E. Chaffetz, John Henry Lewin, W. B. Watson Snyder, and Grant W. Kelleher.

My congratulations and thanks to the 12 members of the jury and their 2 alternates, 14 men who were locked up on this greatest of antitrust criminal suits from October 4, 1937, until its conclusion, almost 4 months of patriotic service.

And I want to extend thanks to the National Oil Marketers Association and their secretary-counsel, Mr. Paul E. Hadlick, for their efforts in bringing this gigantic conspiracy to the attention of the Department of Justice and for their 2½ years of assistance to the Department.

#### NOW WE SHOULD INSTITUTE CRIMINAL ACTIONS AGAINST MONOPOLISTS

Last summer I had the privilege of addressing Congress on the importance of using criminal actions to enforce the Federal antitrust laws. It is my viewpoint that if criminal actions were used against large monopolistic interests as has been done in the case just completed at Madison, we would soon put an end to monopoly and monopolistic practices in this country. It would soon become a country where the independent businessmen could thrive as of old.

Today I want to address my remarks to the enforcement of the economic features of our antitrust laws. I call your attention to section 6 of the Sherman antitrust law, which reads:

Any property owned under any contract or by any combination, or pursuant to any conspiracy (and being the subject thereof) mentioned in section 1 of this act, and being in the course of transportation from one State to another, or to a foreign country, shall be forfeited to the United States, and may be seized and condemned by like proceedings as those provided by law for the forfeiture, seizure, and condemnation of property imported into the United States contrary to law.

I not only call this to your attention but I wish to call it to the attention of the Department of Justice and urge that Department to take appropriate action against the major oil companies just found guilty at Madison, Wis.

#### CONVICTED MONOPOLISTS MAY BE DENIED USE OF PANAMA CANAL

Back in 1912 Congress passed the Panama Canal Act and included therein a provision reading as follows:

No vessel permitted to engage in the coastwise or foreign trade of the United States shall be permitted to enter or pass through the Panama Canal if such ship is owned, chartered, operated, or controlled by any person or company which is doing business in violation of the provisions of sections 1 to 27, inclusive (the antitrust laws), or of any other act of Congress amending or supplementing the same. The question of fact may be determined by the judgment of any court of the United States of competent jurisdiction in any cause pending before it to which the owners or operators of such ship are parties. Suit may be brought by any shipper or by the Attorney General of the United States (Aug. 24, 1912, c. 390, par. 11, 37 Stat. 567).

I call upon the Department of Justice to take appropriate action before the federal court at Madison, Wis., to bar the use of the Panama Canal to the offending companies which have been found guilty in accordance with the above-quoted statute.

#### PIPE-LINE USERS ARE AFFECTED, TOO

Under section 966 of title 43 of the Code of Laws of the United States (36 Stat. 296) rights-of-way for pipe-line com-

panies over the public domain in the State of Arkansas were granted as follows:

A right-of-way through the public lands of the United States in the State of Arkansas is granted for pipe-line purposes to any citizen of the United States or any company or corporation authorized by its charter to transport oil, crude or refined, or natural gas which shall have filed or may hereafter file with the Secretary of the Interior a copy of its articles of incorporation, and due proof of organization under the same, to the extent of the ground occupied by the said pipe line and 10 feet on each side of the center line of same.

And under section 970 of the same title it is further provided that—

If any citizen, company, or corporation taking advantage of the benefits of sections 966 to 970, inclusive, shall violate sections 1 to 7, inclusive, of title 15, or any amendment thereof (the antitrust laws) the right-of-way granted in sections 966 to 970, inclusive, shall be forfeited without further action or declaration on the part of the Government or any proceedings or judgment of any court (Apr. 12, 1910, c. 155, p. 5, 36 Stat. 296).

I call upon the Secretary of the Interior to take such steps as are necessary to revoke the permits of those convicted oil companies that have been granted permits to operate their pipe lines over the public domain in Arkansas in accordance with the above law. There is no discretion allowed by the law in this regard—the permits issued under this law are ipso facto forfeited.

#### OIL AND MINERAL LEASES MAY NOW BE FORFEITED

I also wish to point out to the Secretary of the Interior section 184 of title 30 of the Code of Laws of the United States (41 Stat. 449) which section provides for the forfeiture of oil and mineral leases on public lands if the lessees form a part of any combination, contract, or conspiracy in restraint of trade in the mining or selling of oil and other products. It seems quite likely from a reading of this section that the oil leases heretofore granted by the Government to any of these convicted oil companies are subject to immediate forfeiture to the Government through appropriate court proceedings.

Section 187 of this same title on mineral lands and mining makes it mandatory upon the Secretary of the Interior to include certain protective provisions in leases of public lands among which is one "for the prevention of monopoly." If the leases have been prepared properly then there should be no difficulty in securing the forfeiture provided in section 184 mentioned above.

#### MADISON, WIS., OIL CONVICTIONS PROVE MONOPOLISTS CAN BE EXPOSED

Mr. Chairman, I have said this much to call the attention of the Congress and Government officials to the opportunity which is presented to the people of America by the significant conviction of the major oil companies and the prominent officials thereof at the trial in Madison, Wis. At last we have had a conviction of one of the most gigantic organizations of capital in the history of America, and this conviction has been brought out by the diligent and painstaking work of deputy attorneys general, free of any suspicion of corruption, undue influence, or coercion. Yet this conviction involves within its logical sequence certain significant conditions; and it seems to me it is the bounden duty of the Government now to proceed from the excellent beginning which has already been made and limit these companies in their different capacities in connection with Federal laws and rights, as I have heretofore pointed out.

Mr. ZIMMERMAN. Mr. Chairman, will the gentleman yield?

Mr. COFFEE of Washington. I yield to the gentleman from Missouri.

Mr. ZIMMERMAN. I would like to inquire of the gentleman if these are the same companies that have a monopoly of the production of oil in Texas and other States and have been legalized by act of Congress to control the retail production of oil in the States that do not produce oil because of certain favors given them under the law. Are these the same companies that enjoy this privilege down in the States of Texas, Oklahoma, and Arkansas under the agreement I have referred to?

Mr. COFFEE of Washington. In answer to the gentleman I may say these are the same major oil companies for whom

this Congress passed a protective act in the Connally hot-oil bill and, subsequently, other legislation, such as the interstate oil compact, the appropriation for the Bureau of Mines forecasts, the protective tariff on imported oils, and an oil-zoning and production limitation and proration agreement. Personally, I voted and worked against this legislation. I regret that we then by law encouraged and abetted monopoly.

Mr. ZIMMERMAN. So did I.

#### SPECIFIC STEPS TO DISINTEGRATE OIL MONOPOLY

Mr. COFFEE of Washington. I should like to point out two things that Congress can do to break up the oil monopoly. The first would be to give adequate appropriations to the Department of Justice to proceed with its investigation of the oil industry on the east coast, including the rigging of the Gulf coast market, and on the west coast. Competition has been illegally stifled in these areas, as it has been in the Middle West, and prompt action is necessary to save the independents. Congress can also help by enacting the Biermann bill (H. R. 7800) and by enacting legislation to divorce the pipe lines.

In the second place, Congress can render a real service in ending the oil monopoly by repealing such laws as it has passed that have proven themselves as the hub upon which the oil-monopoly wheel is turning, slowly but surely grinding out of existence the independent oil people. These laws that should be repealed are:

First. The Connally bill prohibiting the interstate transportation of petroleum products made from crude oil produced in excess of State quotas, originally Public, No. 14, Seventy-fourth Congress, chapter 18, Forty-ninth Statutes, pages 30-35, and extended to June 30, 1939, by Public, No. 145, Seventy-fifth Congress.

Second. Interstate oil compact and act approving an agreement between the oil-producing States permitting them to control the production of crude oil, originally Public Resolution No. 64, Seventy-fourth Congress, chapter 781, Forty-ninth Statutes, pages 939-941, and extended to September 1, 1939, by Public Resolution No. 57, Seventy-fifth Congress. In this connection I wish to charge the oil-producing States of violating article 5 of this statute, which reads:

It is not the purpose of this compact to authorize the States joining herein to limit the production of oil or gas for the purpose of stabilizing or fixing the price thereof or create or perpetuate monopoly or promote regimentation, but it is limited to the purpose of conserving oil and gas and preventing the avoidable waste thereof within reasonable limitations.

Witnesses for the defense in the cases at Madison testified the meetings of the compact group discussed the amount of oil necessary to be produced to stabilize the industry and to balance production with demand and that some of the members of the committee have even insisted on discussing what is a proper price for crude oil.

And early this week there was held at Hot Springs, Ark., a meeting of oil States Governors and their representatives. This meeting was called for the specific purpose of determining what the oil States could do with reference to upholding the price of crude oil. The compact is a sham; they hide behind it when they can and openly defy it when they get desperate.

Third. The import duty on petroleum of 21 cents a barrel on crude oil and 2½ cents per gallon on gasoline, as provided by section 601-c-4 of the Revenue Act of 1932, as extended to June 30, 1939, by Public Resolution No. 48, Seventy-fifth Congress.

Fourth. Withdraw from the Interior Department the special appropriation for the issuance of monthly forecasts of market demand for crude oil and refined petroleum products and place in the coming Interior Department appropriation bill a specific declaration forbidding the Secretary of the Interior from using any of the funds of his Department for that purpose.

[Here the gavel fell.]

Mr. ENGEL. Mr. Chairman, I now yield to the gentleman from Michigan [Mr. SHAFER].

Mr. SHAFER of Michigan. Mr. Chairman, singular as it is that the 1932 Democratic platform should have warned

the country of the grave danger reposing in the fact that Mr. Hoover was burdening a tax-stricken populace with military and naval expenditures "approaching a billion dollars annually," it now develops that the present administration's naval and military expenditures for the current year will go far beyond a billion dollars.

Only last week the Congress passed the naval supply bill carrying an appropriation of \$553,000,000, and today President Roosevelt has sent up a message asking additional appropriations variously estimated between two hundred million and a billion dollars.

I think it is about time Mr. Roosevelt should inform the Congress, or at least the leaders in both parties, something of what his foreign policy is, so long as it seems to necessitate such enormous expenditures at a time when 20 cents of every dollar earned by every man, woman, and child in the United States is now being confiscated for Federal, State, and other taxes.

I believe we Members of Congress have a right to have this information before we are asked to vote on these additional Army and Navy expenditures.

Mr. ENGEL. Mr. Chairman, I now yield 10 minutes to the gentleman from Wisconsin [Mr. SAUTHOFF].

Mr. SAUTHOFF. Mr. Chairman, I listened rather attentively while the President's message was read. After it had been read I secured a copy and reread it, so that I might be sure that I was making no mistake as to what it contained. Some of it I like, but most of it I do not like. I call attention in the brief time I have to a few of the outstanding things to which I object. The President says in the middle of page 1 of his message:

It is an ominous fact that at least one-fourth of the world's population is involved in merciless, devastating conflict in spite of the fact that most people in most countries, including those where conflict rages, wish to live at peace. Armies are fighting in the Far East and in Europe; thousands of civilians are being driven from their homes and bombed from the air. Tension throughout the world is high.

In that paragraph the President recognizes that there is war in the Far East and in Spain. I ask him, then, why he does not invoke the Neutrality Act which was passed by this Congress and which was voted for by this House with only 12 votes against it? If the President wishes to live up to the law, if he recognizes there is a war in the Far East—and he does in that paragraph—then he should abide by the law and invoke the provisions of the Neutrality Act. If he is opposed to the Neutrality Act, then he should send in a message and ask this House to annul it. It is not honest for us to permit a law to be on the statute books and make our people believe we are in favor of it and then utterly ignore its provisions. Either we are for it or we are against it. Let those who are against it bring in a bill and vote it out. The gentleman from Minnesota [Mr. MAAS] has such a bill, but it is not being given a hearing. Why not? Let us be honest with the public. Let us not invoke the Neutrality Act when it pleases us to invoke it and utterly disregard it when it does not please us to invoke it.

In the next paragraph the President says:

Our national defense is . . . inadequate for purposes of national security and requires increase for that reason.

We are advised by General Hagood, who occupied one of the outstanding positions throughout the World War, that our Navy and our Army and our coast defenses are adequate for national defense, provided that national defense is constructed along the triangle from Alaska to the Hawaiian Islands to the Panama Canal. If that is our policy, then we claim that our national defense is now adequate. If, however, it is our policy that our Navy should be sent abroad to the seven seas to engage in every controversy which exists, then it is not adequate, and the message that the President gave us today could not possibly make it adequate. For such a purpose we would need four times the size of the present Navy. There has been some intimation here that we might possibly become involved in a war with Japan. Do you know what such a war would cost? It has been stated from the public platform that the President asked for figures on that



problem, and I am advised that someone in the Army furnished the figures, at least someone in authority in the Army or naval department did. He said it would cost \$50,000,000,000 and would take 4 years. Are we ready and willing to embark on such a program, and if we do, can we possibly put \$50,000,000,000 on top of the \$38,000,000,000 that we now owe? I do not think that our financial resources could possibly stand such a staggering sum.

If we want a navy to police the world, then let us know it. Let such a message come to the Congress. Let us come out honestly and fight out the issue of whether we want such a navy or not. I for one am opposed to it, and would oppose it with all of the resources and vigor at my command. If foreign aggression is our policy, then the present Navy would be inadequate, and it would take four or five times as large a navy to have it powerful enough for foreign aggression. I do not believe the President wants a navy for foreign aggression. In fact, I think he would be absolutely opposed to it.

What, then, is the reason back of this? I said in my remarks here a week ago that the answer is the understandings and secret agreements that have been made with the Foreign Office of Great Britain. I repeat, that is where the demand comes from for the great increase in naval armament. Great Britain and France are in trouble, and once more we are being jockeyed into a position of being the willing helper. Let me point out to you that France could be of no help whatever. Her perilous financial situation, coupled with the danger from Hitler and Mussolini, leaves her helpless to send her Army and her Navy into foreign waters. Great Britain has plenty of problems on her hands. Gibraltar, Malta, Suez, Arabia, India, Singapore, Hong Kong, and many other places demand her attention. Furthermore, our interests are too trivial to warrant our going to war 6,000 miles from home. She is the logical power to fight it out with Japan for control in the Far East. She has contiguous territory, many interests, and borders to protect. Let her protect them and let us keep our hands off. There is no doubt that Russia is already indirectly giving assistance to the Chinese. Clashes occur every now and then between Russian and Japanese patrols. Supplies are no doubt coming into China from Russian sources. Therefore let Russia assume the burden. It is not our fight, and we ought not to make it our fight.

It is the secret agreements that are being carried back and forth between London and Washington by Norman Davis, our diplomatic agent, our traveling salesman on this mission, that should give us profound concern. It is the purpose of Great Britain once more to get us to furnish the men and the money, as we did 20 years ago. I am opposed to any such entangling alliances with Great Britain or any foreign country.

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. SAUTHOFF. I yield.

Mr. SNELL. To a large degree I am in sympathy and in entire accord with the statements the gentleman has made. What I want to know before I vote any of these increased naval appropriations—and I have always been a preparedness man and voted for practically every one that has ever come before this Congress in the 24 years I have been here—I want to know what the President's definite policy is—whether he is getting this tremendously large Navy for the purpose of policing the world or whether it is necessary for the protection of our homeland and our home people. I think it will be necessary for him to tell this Congress in a very definite way before he ever gets this increased appropriation.

Mr. SAUTHOFF. I assure the gentleman from New York that that is exactly what I want to know before I vote for it.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. SAUTHOFF. I yield.

Mr. PATMAN. The question of the gentleman from New York is answered in the last sentence of the President's message.

Mr. SAUTHOFF. I am coming to that.

Mr. PATMAN. The President says that such increase is and will be based not on aggression but on defense.

Mr. SNELL. There is something more than that which will have to be answered before we vote another \$1,000,000,000, let me tell you that.

Mr. SAUTHOFF. I will answer the gentleman a little later. Let me now call attention to what I do agree with in this message. On page 2, about halfway down, the President states:

I believe also that the time has come for the Congress to enact legislation aimed at the prevention of profiteering in time of war and the equalization of the burdens of possible war. Such legislation has been studied for many years in this and previous Congresses.

[Here the gavel fell.]

Mr. ENGEL. Mr. Chairman, I yield 7 additional minutes to the gentleman from Wisconsin.

Mr. SAUTHOFF. The so-called Hill-Sheppard bill, unfortunately, does not meet this requirement. The original bill, S. 25, provided in section 9 that 95 percent of the war profits should be taxed by the Government in aid of the prosecution of the war. The unfortunate part of this provision was that it took the 3-year average prior to the war on which to base such a tax. Applying this provision to our experience in the World War, it would have been necessary to take the profits of the 3 prior years, 1916, 1915, and 1914.

Let me remind you that there were companies engaged in supplying munitions to Europe during those years which made as high as 4,500 percent profit a year. How much of a tax could you collect from them after we got into a war? You would not get a dime. It is my judgment, therefore, that we ought to use some other yardstick by which to levy taxes on war profits. I suggest that either we take the investment in the particular plant that we want to tax, or else that we take a fair and reasonable valuation of that plant and allow some reasonable profit like 5 percent or 6 percent. I would allow that profit for the reason that there are among the stockholders of many of the companies throughout the United States, widows and orphans, the sick and disabled, trust estates, and guardianships of those incompetent to take care of themselves, left by relatives in many instances who were seeking to give some security to those dependent upon them. These people would have to live; they would have to have an income. We should, therefore, provide some return for them. Let it be made at a low rate, but at a proper amount. I have no arbitrary figures in mind and would leave it to the proper committee to work out.

The present Hill-Shepard bill—I believe it is H. R. 6704—has no tax provision of any kind in it. It refers to the taxation of war profits by recommending that in the event of war Congress should tax war profits. What does that mean? Nothing. It taxes nothing and simply leaves the whole problem to some future Congress.

I agree with the President that we should pass a tax on war profits now and I want such a law now. The present bill should be sent back to committee and a real honest tax feature be inserted. The tragedy of this bill (H. R. 6704) is the fact that any tax amendment could be ruled out of order, because there is no such feature in the present bill. It would not be germane. I consulted with our Parliamentarian in regard to that point and he so advised me. Let us say we passed the bill and it then went to the Senate. That body cannot originate any tax legislation. So the Senate would be stopped from placing any tax provision in the bill and we would have a bill with nothing in it that would tax war profits.

It looks to me as though we are being rushed into something, and I for one am opposed to being hurried. I refuse to get panicky. I believe we should keep our feet on the ground, see clearly, and think clearly, and use at least a week, if not more, to debate the recommendations in this message, so that all phases of it may be clearly understood. I would like to remind you that during the World War, with all the facilities at our command, with the aid of the friendly nations—Great Britain and France—transports, and navies to assist, with an opportunity to land our men on a

friendly shore, the best we ever did in transporting troops was 300,000 men a month. How, then, could some nation invade us? It could not possibly be done unless there were a combination of four or five of the strongest and most powerful nations in the world. Let me point out also that naval authorities have advised us that a navy loses 40 percent of its efficiency after it has left its base 3,000 miles behind. Just imagine Japan trying to invade our coast after coming 6,000 miles. It could not be done.

I think we forget that 20 years ago there was exactly this same propaganda. Lectures, motion pictures, newspaper articles, radio talks and what not to lure our people into an understanding with some foreign powers. War scares are necessary and are being used. Incidents that rile the people are being spread on the front pages of our papers every day. Hate is being engendered so that our people may be aroused and want to fight. To get people to want to go to war, you must get them to hate violently enough. This is the old, old psychology and it is now being used. I urge everyone to go slowly. War is so inexorable. Once you get in, you cannot get out until the bitter end. Now is the time to reflect; now is the time to pass proper legislation. Now is the time to count the awful cost—not simply in money but in blood, in morals, in standards, yes, in democracy itself.

Twenty years ago you will remember that our country was flooded with lecturers and writers. Why, we have been approached in the House by foreigners who are coming over here to enlist our sympathies in their cause.

Mr. Chairman, why should we fight Great Britain's battles in the Far East? Our investment consists of only 6 percent of all the foreign investments in China. Great Britain's investment consists of 37½ percent of all the foreign investments in China. With her investment six times as great as ours, why should we step out into the front ranks and defend her possessions?

As far as I am concerned, I want it clearly understood, because I went through it 20 years ago and I expect to go through it again within the next 4 or 5 years, that I am opposed to involving this country in any war abroad and I would not consent to sending one single American boy to any war abroad. [Applause.]

[Here the gavel fell.]

Mr. ENGEL. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. PETTENGILL. Will the gentleman yield?

Mr. SAUTHOFF. I yield to the gentleman from Indiana.

Mr. PETTENGILL. Has the gentleman brought out the fact that the value of our investments in China is not greater than our chewing-gum bill in this country for 1 year?

Mr. SAUTHOFF. I heard Boake Carter say that in a speech the other night. I was glad he referred to it because if you think chewing gum is so valuable that you ought to get up an army of three or four million and send them 6,000 miles away, spending \$50,000,000,000 to bring the war to a successful conclusion, killing men by the hundreds of thousands, the best young men in our Nation, then of course you will agree with this foreign propaganda, but I am opposed to it from beginning to end, lock, stock, and barrel. [Applause.]

Mr. PETTENGILL. The gentleman knows further we will end up with a totalitarian state in this country.

Mr. SAUTHOFF. That is correct.

[Here the gavel fell.]

Mr. ENGEL. Mr. Chairman, I yield such time as she may desire to the gentlewoman from Massachusetts [Mrs. ROGERS].

Mrs. ROGERS of Massachusetts. Mr. Chairman, today I introduced a joint resolution which provides that the thanks of the American people and the Congress of the United States are hereby tendered to Admiral Harry E. Yarnall, United States Navy, for his highly distinguished services as commander in chief of the Asiatic Fleet during the siege of Shanghai, China, and to the officers and men under his command for their unwavering devotion and

heroic valor, following his lofty example and wise leadership.

Mr. Chairman, every Member of Congress, whether he approves the administration's foreign policy in the Far East or not, is extremely grateful to Admiral Yarnall for carrying out what he considered to be the desires of the American people. He has proven that the Navy has endeavored to keep peace rather than to make war. [Applause.]

Mr. ENGEL. Mr. Chairman, I yield 10 minutes to the gentleman from North Dakota [Mr. BURDICK].

Mr. BURDICK. Mr. Chairman, I rise at this time to point out what I deem to be the most effective defense that America can have.

Everyone seems determined that we are about to have a war with somebody. I do not know who it is. I do not know of any country that is looking for trouble. However, if war is to come, I would like to be prepared.

You cannot be prepared for any war with a foreign government by building more battleships. If you doubt this statement, call up the War Department and get the record of what the major gunboats and battleships of this Nation did during the last war. If I were to advise the people of this country about preparing for war, I would suggest that we had better do something about the 12,000,000 who are now out of a job and want one. [Applause.]

About a year ago I predicted that if we pursued the course we were then pursuing, there would be more people out of employment in 1938 than there were in 1937. I want again to announce to the Congress that if we do not change our monetary policy in this country, which allows private organizations to control the money and credit of the Nation to the detriment of all, we will have more out of employment in 1939 than we have in 1938. We do not want to stop science or invention. We want to progress, and as we do more people year after year are going to find less employment.

We hear it often said if private business was not interfered with by the Government it could employ all those who are now unemployed. I want to make the assertion that if Congress exercised no control over the private corporations of this country at all, according to their own admission, they could employ no more than 3,000,000 of the 12,000,000 who are now out of employment. What does this mean? It means if we are to do anything for these other 9,000,000 people who are left out in the cold it cannot be expected that this will be done by the private concerns of the country. These people must be taken care of. What position are we in to defend ourselves or carry on any kind of a war with 12,000,000 people behind the lines looking for something to eat? We had better put our own house in order first and be ready. Never mind these battleships for a while. [Applause.]

Mr. Chairman, there must be some power in this Nation represented by the people, who have the freest Government on earth, that will provide work for these 12,000,000 people who are out of a job. On both sides of the aisle you must admit this afternoon you have not found the remedy. During the last 5 years you have spent \$21,000,000,000, increasing the debt to that extent, to find a way out of the situation and put these people back to work, but you have more people out of a job now than when you started.

I remember well when I sat on a committee appointed by President Harding away back in 1920 or 1921. The members of the committee were alarmed at the fact that two and a half million people were out of a job. They were concerned and racked their brains to find means of putting the two and a half million people back to work. As we progress, under our theory of government, with the control of our money in the hands of private interests, and with improvement in science, the number of people out of employment is bound to increase every year.

If we keep to this theory of government and hold to this theory of administering the finances of this country, then it must be the duty of the Government itself to furnish employment. However, all we hear now in this Congress is to balance the Budget. I would much rather balance the



budget on the affairs of human life than balance the budget on the ledger. If these people are hungry or without homes or clothing, it ought to be the duty of this Government to find employment for them, and this employment must be necessary employment. It cannot be foolish employment. At one time men were sent from the Southern States into our State to show the people of North Dakota how to shoot jack rabbits. I believe they made a report to one of the administrators here in Washington, and they gave this alarming information, based on some scientific experiments they had made, that it was more difficult to shoot the jack rabbits in North Dakota than the timber rabbits in Arkansas.

What I mean by Government work is that it will be planned work of benefit to the people now and for all time to come. In the State of North Dakota, where the Government has spent nearly \$500 on nearly every man, woman, and child in the drought area for relief during the last 4 or 5 years, this expense could all be stopped if we could get the men of the East and the men of the Central West to understand that with a little water out in the great western plains area along the Missouri River these people could take care of themselves.

The question may be asked what arrangements are being made now to provide water, and I will tell you all about it. There is a recommendation before this Congress that we provide money for an irrigation project in the State of Montana to take care of the people there who are hungry, but the program of North Dakota was left out, for the reason, it was said, that the report of the engineers had not yet been filed. However, since the recommendation was made to the Bureau of the Budget, that report of the engineers has been filed and is favorable. Nevertheless, unless we can put this amendment into the appropriation bill in this House, it will be the conclusion of the Congress that the people out there will get along without water, and as long as they do that, we will have to feed them, that is all, because when it does not rain they cannot raise crops.

What I want to present to the Congress this afternoon is that if you are so patriotic you want to defend this Government at all costs—and I suppose you do, because we always have done it—you must get the people at home ready for war before you start sending battleships 6,000 miles away to carry on a war with some foreign country. Get every man, woman, and child in this country to believe this Nation ought to be defended, and get them to love this country and not criticize it. No man or no woman is going to have the degree of love necessary for the last-ditch defense of this country if he cannot have a home of his own, or if he is hungry and ragged and driven from his home by the sheriff. We say, "Yes; we will build new houses in a home-building program." Why not let them live in the houses they have now, and not drive them out, instead of building more houses to be taken over by the Government?

The Farm Credit Administration states, "We do not exercise any policy of foreclosure or collection that is going to bring any harm to the people. If they have not raised any crop, we do not demand it." How many times have you called up and asked for the same thing, and every time the administrator says, "There is nothing to that story at all. We pursue a lenient policy of collection." However, I know differently and you know differently. I was out in the field last year. I have been at elevators in my own State where the men in charge wanted to take the last 15 bushels away from a farmer. I asked them what authority they had to hold up this grain, and I told them they ought to be ashamed of themselves that they demanded it. I found the local agent did have authority from the headquarters in Minneapolis. I chased down the road to Minneapolis to find out what authority they had for giving orders in the field to take the last bushel away from a distressed farmer, and I was shown letters to the effect that it was the policy of the Farm Credit Administration to make loans that were bankable. That is enough said.

This Administration here in the city of Washington is responsible for putting so many people on the relief rolls,

because it demands its pound of flesh. I say to you and the people of this country, give them a chance to live, and give them homes of their own. Then, if anybody wants to come here to bring war upon this Nation, let him come. But we are in no shape for it now, with 12,000,000 hungry, starving people.

Build some more battleships, and what will we do with them after you build them? What did we do with them in the last war? We ran them up the Jim River in Virginia to keep them safe so the enemy could not find them. Is that what we want some more battleships for? I would defend this country as soon as anyone, but I am going to wait until somebody attacks us. I do not know who it may be and neither do you, but everybody in America seems to feel we are going to have war. Let us first settle our war at home, and then we can face the world. [Applause.]

[Here the gavel fell.]

Mr. COLLINS. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. DRIVER, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the District of Columbia appropriation bill, 1939 (H. R. 9131), had come to no resolution thereon.

#### FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the joint resolution (H. J. Res. 571) entitled "Joint resolution making appropriations available for administration of the Sugar Act of 1937 and for crop production and harvesting loans."

The message also announced that the Vice President had appointed Mr. BARKLEY and Mr. GIBSON members of the joint select committee on the part of the Senate, as provided for in the act of February 16, 1889, as amended by the act of March 2, 1895, entitled "An act to authorize and provide for the disposition of useless papers in the executive departments," for the disposition of executive papers in the Navy Department.

#### ADMINISTRATION OF THE SUGAR ACT OF 1937 AND CROP PRODUCTION AND HARVESTING LOANS

Mr. TAYLOR of Colorado submitted the following conference report and statement on the joint resolution (H. J. Res. 571) making appropriations available for administration of the Sugar Act of 1937 and for crop production and harvesting loans:

#### CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the joint resolution (H. J. Res. 571) making appropriations available for administration of the Sugar Act of 1937 and for crop production and harvesting loans, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 1, 3, 4, and 5, and agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by such amendment insert the following:

#### "SENATE

"That the following sums are hereby appropriated, out of any money in the Treasury not otherwise appropriated, for expenses of the Senate, namely:"

And the Senate agree to the same.

EDWARD T. TAYLOR,  
C. A. WOODRUM,  
CLARENCE CANNON,  
JOHN TABER.

Managers on the part of the House.

ALVA B. ADAMS,  
CARTER GLASS,  
FREDERICK HALE.

Managers on the part of the Senate.

## STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the joint resolution (H. J. Res. 571) making appropriations available for administration of the Sugar Act of 1937 and for crop production and harvesting loans, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

On No. 3: Appropriates \$160,000, as inserted by the Senate, for expenses of inquiries and investigations of the Senate for the remainder of the fiscal year 1938.

On No. 4: Appropriates \$30,000, as inserted by the Senate, for expenses of Senate kitchens and restaurants for the fiscal year 1938.

On Nos. 1, 2, and 5: These amendments are technical amendments incidental to the insertion of amendments Nos. 3 and 4. The House agrees to amendments Nos. 1 and 5 and agrees to amendment No. 2 with a perfecting amendment.

EDWARD T. TAYLOR,  
C. A. WOODRUM,  
CLARENCE CANNON,  
JOHN TABER,

*Managers on the part of the House.*

Mr. TAYLOR of Colorado. Mr. Speaker, I ask unanimous consent for the present consideration of the conference report on House Joint Resolution 571.

Mr. HOOK. Reserving the right to object, what is this appropriation?

Mr. TAYLOR of Colorado. This is an appropriation to pay the sugar growers an amount of money that is in the Treasury for this purpose, and there is also a provision for making some additional crop loans.

Mr. HOOK. What is the amount of the appropriations involved?

Mr. TAYLOR of Colorado. Thirty-nine million seven hundred and fifty thousand dollars for the payments in connection with sugar and \$34,000,000 for the small crop loans.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

The Clerk read the conference report.

The conference report was agreed to.

A motion to reconsider the vote by which the conference report was agreed to was laid on the table.

## GENERAL PERMISSION TO EXTEND REMARKS

Mr. COLLINS. Mr. Speaker, I ask unanimous consent that all Members who have spoken on the bill H. R. 9181, the District of Columbia appropriation bill, and those who may speak hereafter on that bill may be given 5 legislative days within which to extend their own remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

## MEMBERSHIP OF STANDING COMMITTEES

Mr. McCORMACK. Mr. Speaker, I offer a resolution, which I send to the Clerk's desk.

The Clerk read as follows:

*Resolved*, That the following-named Members be, and they are hereby, elected members of the standing committees of the House of Representatives, as follows:

Military Affairs, JOHN J. SPARKMAN, Alabama.  
Interstate and Foreign Commerce, JAMES L. QUINN, Pennsylvania.  
Rivers and Harbors, PHIL FERGUSON, Oklahoma.  
Roads, ALFRED J. ELLIOTT, California.  
Patents, GOMER SMITH, Oklahoma.

The resolution was agreed to.

A motion to reconsider the vote by which the resolution was agreed to was laid on the table.

## RESIGNATION FROM COMMITTEES

The SPEAKER laid before the House the following resignations from committees of the House:

HON. WILLIAM B. BANKHEAD,  
*Speaker of the House, Washington, D. C.*

DEAR MR. SPEAKER: I hereby tender my resignation as a member of the Committee on Elections No. 2.

Respectfully,

A. J. ELLIOTT.

JANUARY 27, 1933.

The Honorable WILLIAM B. BANKHEAD,  
*Speaker, House of Representatives, Washington, D. C.*

MY DEAR MR. SPEAKER: Owing to my appointment as a member of the Interstate and Foreign Commerce Committee of the House, I hereby tender my resignation as a member of the Flood Control, Expenditures in the Executive Departments, and the District of Columbia Committees of the House.

Sincerely,

JAMES L. QUINN.

The resignations were accepted.

## SHOSHONE POWER PLANT

Mr. FERGUSON. Mr. Speaker, I ask unanimous consent to file a supplemental report on the bill (H. R. 3786) providing for the allocation of net revenues of the Shoshone power plant of the Shoshone reclamation project in Wyoming.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

## EXTENSION OF REMARKS

Mr. KOPPLEMANN. Mr. Speaker, I ask unanimous consent to place in the RECORD the historical speech made last Sunday by the Honorable Harold L. Ickes before the United Palestine Appeal Convention held here in Washington.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. DOXEY. Mr. Speaker, on January 14, 1933, my colleague the gentleman from Mississippi [Mr. RANKIN] secured unanimous consent to insert some remarks in the RECORD. Since that time he has been taken ill and has asked me to request unanimous consent that the statement which he made before the Committee on Rivers and Harbors may be permitted to be included in the unanimous-consent request heretofore granted.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. OLIVER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including therein a radio address delivered by me on last Saturday evening, January 22.

The SPEAKER. Is there objection to the request of the gentleman from Maine?

There was no objection.

Mr. BREWSTER. Mr. Speaker, the other day I was granted permission by unanimous consent to insert in the RECORD a speech by Mr. Boake Carter. I find it runs over the two-page limitation. I have submitted it to the Public Printer, and he estimates it will be one-half page additional. I therefore ask unanimous consent to have it incorporated in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Maine?

There was no objection.

## ADJOURNMENT OVER

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

## LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. O'NEILL of New Jersey, for Monday, to attend the funeral of the late Congressman Kenney.

To Mr. PATRICK, on account of illness in his family.

## ADJOURNMENT

Mr. COLLINS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 53 minutes p. m.), in accordance with its previous order, the House adjourned until Monday, January 31, 1933, at 12 o'clock noon.



## COMMITTEE HEARINGS

## COMMITTEE ON ROADS

The Committee on Roads will hold public hearings on H. R. 8838, to amend the Federal Aid Highway Act, and related proposals, on Monday, January 31, 1938, at 10 a. m.

## COMMITTEE ON THE DISTRICT OF COLUMBIA

Mr. McGEHEE's Subcommittee on Judiciary of the District of Columbia Committee will meet at 10:30 a. m. Monday, January 31, 1938, in room 345, House Office Building, to consider S. 1835.

## COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

There will be a meeting of the Committee on Interstate and Foreign Commerce at 10 a. m. Tuesday, February 1, 1938. Business to be considered: Continuation of hearings on S. 69—train lengths. Railroad interests will be heard.

## COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Committee on Merchant Marine and Fisheries will hold a public hearing in room 219, House Office Building, Tuesday, February 1, 1938, at 10 a. m. on H. R. 8344, a bill relating to the salmon fishery of Alaska.

The Committee on Merchant Marine and Fisheries will hold a public hearing in room 219, House Office Building, Washington, D. C., Wednesday, February 23, 1938, at 10 a. m. on the following bills:

H. R. 8595, relating to vessels engaged in whaling;  
H. R. 8627, relating to inspection of fishing vessels; and  
H. R. 8778, relating to vessels engaged in the coasting trade and fisheries; H. R. 8906, same subject.

## COMMITTEE ON PUBLIC BUILDINGS AND GROUNDS

There will be a meeting of the Committee on Public Buildings and Grounds at 10:15 a. m. Tuesday, February 1, 1938, to resume hearings on H. R. 9016, Washington Airport bill. Caucus room, House Office Building.

## COMMITTEE ON IMMIGRATION AND NATURALIZATION

There will be a meeting of the Committee on Immigration and Naturalization at 10:30 a. m. Wednesday, February 2, 1938, in room 445, House Office Building, for the public consideration of H. R. 7780.

## COMMITTEE ON NAVAL AFFAIRS

The full Committee on Naval Affairs, House of Representatives, will hold a meeting Monday, January 31, 1938, at 10:30 a. m., for the consideration of building program and personnel legislation for the Navy. Very important.

## COMMITTEE ON THE JUDICIARY

There will be a hearing before Subcommittee No. 3 of the Committee on the Judiciary at 10:30 a. m. Wednesday, February 16, 1938, in the committee room 346, House Office Building, on the bill H. R. 8339, providing for the repeal of section 7 of the act entitled "An act to provide for the diversification of employment of Federal prisoners, for their training and schooling in trades and occupations, and for other purposes," approved May 27, 1930.

## EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1047. A communication from the President of the United States, transmitting a supplemental estimate of regular appropriation amounting to \$125,000 and two supplemental estimates of permanent indefinite appropriations amounting to \$375,000 for the Department of the Interior, fiscal year 1939 (H. Doc. No. 511); to the Committee on Appropriations and ordered to be printed.

1048. A communication from the President of the United States, transmitting a supplemental estimate of appropriation amounting to \$50,000 for the United States Constitution Sesquicentennial Commission for the fiscal year 1938, together with a provision for the appropriation of receipts for the sale of publications and other material as authorized by section 2 of the act of August 19, 1937 (H. Doc. No. 512);

to the Committee on Appropriations and ordered to be printed.

1049. A letter from the Secretary, United States Maritime Commission, transmitting a report of the United States Maritime Commission for the period ended October 25, 1937; to the Committee on Merchant Marine and Fisheries.

1050. A letter from the Secretary of Commerce, transmitting the draft of a proposed bill to amend the act of March 4, 1915, as amended, the act of June 23, 1936, section 4551 of the Revised Statutes of the United States, as amended, and for other purposes; to the Committee on Merchant Marine and Fisheries.

## REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XII,

Mr. ROGERS of Oklahoma: Committee on Indian Affairs. S. 1651. An act to amend the act entitled "An act authorizing the attorney general of the State of California to bring suit in the Court of Claims on behalf of the Indians of California," approved May 18, 1928 (45 Stat. 602); with amendment (Rept. No. 1736). Referred to the Committee of the Whole House on the state of the Union.

Mr. LARRABEE: Committee on Education. H. R. 9042. A bill to amend section 2 of the act to incorporate the Howard University; without amendment (Rept. No. 1737). Referred to the House Calendar.

## REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. RYAN: Committee on Claims. H. R. 5623. A bill for the relief of Victor Engstrand, father of Darwin Engstrand, a minor; with amendment (Rept. No. 1724). Referred to the Committee of the Whole House.

Mr. COFFEE of Washington: Committee on Claims. H. R. 7500. A bill for the relief of Shelba Jennings; with amendment (Rept. No. 1725). Referred to the Committee of the Whole House.

Mr. COFFEE of Washington: Committee on Claims. H. R. 7639. A bill for the relief of Al D. Romine and Ann Romine; with amendment (Rept. No. 1726). Referred to the Committee of the Whole House.

Mr. COFFEE of Washington: Committee on Claims. H. R. 8376. A bill for the relief of James D. Larry, Sr.; without amendment (Rept. No. 1727). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. H. R. 9198. A bill for the relief of certain disbursing officers of the Army of the United States and for the settlement of individual claims approved by the War Department; without amendment (Rept. No. 1728). Referred to the Committee of the Whole House.

Mr. ATKINSON: Committee on Claims. S. 112. An act for the relief of O. W. Waddle; with amendment (Rept. No. 1729). Referred to the Committee of the Whole House.

Mr. ATKINSON: Committee on Claims. S. 181. An act for the relief of Lowrenza D. Johnston; with amendment (Rept. No. 1730). Referred to the Committee of the Whole House.

Mr. THOMAS of New Jersey: Committee on Claims. S. 284. An act for the relief of Clear Creek Mountain Springs, Inc.; without amendment (Rept. No. 1731). Referred to the Committee of the Whole House.

Mr. THOMAS of New Jersey: Committee on Claims. S. 1448. An act for the relief of the Northeastern Piping & Construction Corporation, of North Tonawanda, N. Y.; without amendment (Rept. No. 1732). Referred to the Committee of the Whole House.

Mr. ATKINSON: Committee on Claims. S. 2022. An act for the relief of Lt. V. Balletto and others; with amendment (Rept. No. 1733). Referred to the Committee of the Whole House.

Mr. COFFEE of Washington: Committee on Claims. S. 2378. An act for the relief of Sam Green; with amendment (Rept. No. 1734). Referred to the Committee of the Whole House.

Mr. KRAMER: Committee on Immigration and Naturalization. H. R. 8569. A bill for the relief of Filiberto A. Bonaventura; without amendment (Rept. No. 1735). Referred to the Committee of the Whole House.

#### CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Invalid Pensions was discharged from the consideration of the bill (H. R. 9119) granting an increase of pension to Ebb Hundley, and the same was referred to the Committee on Pensions.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. PIERCE: A bill (H. R. 9217) authorizing the Secretary of War to convey to the Port of Cascade Locks, Oreg., certain lands for municipal purposes; to the Committee on Military Affairs.

By Mr. VINSON of Georgia: A bill (H. R. 9218) to establish the composition of the United States Navy, to authorize the construction of certain naval vessels, and for other purposes; to the Committee on Naval Affairs.

By Mr. WALTER: A bill (H. R. 9219) to provide for the transfer of enlisted men of the Coast Guard to the Fleet Naval Reserve; to the Committee on Merchant Marine and Fisheries.

By Mr. FORAND: A bill (H. R. 9220) to authorize the Secretary of the Navy to proceed with certain improvements at the Naval Torpedo Station, Newport, R. I.; to the Committee on Naval Affairs.

By Mr. O'BRIEN of Illinois: A bill (H. R. 9221) to authorize the erection of additional facilities at the existing Veterans' Administration Facility, Hines, Ill.; to the Committee on World War Veterans' Legislation.

By Mr. WALTER: A bill (H. R. 9222) to provide for the prompt imposition of sentence in criminal cases; to the Committee on the Judiciary.

By Mr. TOLAN: A bill (H. R. 9223) to amend the act entitled "An act to provide for the disposition, control, and use of surplus real property acquired by Federal agencies, and for other purposes," approved August 27, 1935 (Public, No. 351, 74th Cong.), and for other purposes; to the Committee on Public Buildings and Grounds.

By Mr. SWEENEY: A bill (H. R. 9224) to promote substitute clerks and carriers; to the Committee on the Post Office and Post Roads.

By Mr. BLAND: A bill (H. R. 9225) to amend section 3 of the act of May 27, 1936 (49 Stat. 1381), entitled "An act to provide for a change in the designation of the Bureau of Navigation and Steamboat Inspection, to create a Marine Casualty Investigation Board and increase efficiency in administration of the steamboat inspection laws, and for other purposes"; to the Committee on Merchant Marine and Fisheries.

By Mr. MAY (by request): A bill (H. R. 9226) to amend the act of March 9, 1928, authorizing appropriations to be made for the disposition of remains of military personnel and civilian employees of the Army, and for other purposes; to the Committee on Military Affairs.

By Mr. RANDOLPH: A bill (H. R. 9227) to amend an act entitled "An act to authorize boxing in the District of Columbia, and for other purposes"; to the Committee on the District of Columbia.

By Mr. SCRUGHAM: A bill (H. R. 9228) to amend an act entitled "An act authorizing the construction of certain public works on rivers and harbors for flood control, and for other purposes," approved June 22, 1936; to the Committee on Flood Control.

By Mr. McSWEENEY: A bill (H. R. 9229) to authorize the erection of a United States Veterans' Administration hospital in the northern section of the State of Ohio; to the Committee on World War Veterans' Legislation.

By Mr. GREEN: Joint resolution (H. J. Res. 578) to create a joint congressional committee to investigate certain racial problems; to the Committee on Rules.

By Mrs. ROGERS of Massachusetts: Joint resolution (H. J. Res. 579) tendering the thanks of the American people and the Congress of the United States to Admiral Harry E. Yarnall, United States Navy, commander in chief of the Asiatic Fleet, and to the officers and men under his command; to the Committee on Naval Affairs.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ANDREWS: A bill (H. R. 9230) granting an increase of pension to Mary E. Beaton; to the Committee on Pensions.

By Mr. BARRY: A bill (H. R. 9231) for the relief of Gladys Faughnan Holden, guardian; to the Committee on Claims.

By Mr. BLAND: A bill (H. R. 9232) for the relief of W. C. and James Latane; to the Committee on Claims.

By Mr. ECKERT: A bill (H. R. 9233) granting an increase of pension to Clara Hammond; to the Committee on Invalid Pensions.

By Mr. GINGERY: A bill (H. R. 9234) granting an increase of pension to Almena Gingham; to the Committee on Invalid Pensions.

By Mr. JACOBSEN: A bill (H. R. 9235) granting a pension to Martha J. Padgett; to the Committee on Invalid Pensions.

By Mr. KNIFFIN: A bill (H. R. 9236) for the relief of Floyd Elton; to the Committee on Claims.

By Mr. McSWEENEY: A bill (H. R. 9237) granting an increase of pension to Emma Wiley; to the Committee on Invalid Pensions.

By Mr. MICHENER: A bill (H. R. 9238) granting a pension to Stella Billings; to the Committee on Invalid Pensions.

By Mrs. ROGERS of Massachusetts: A bill (H. R. 9239) for the relief of George H. Lowe, Jr.; to the Committee on Military Affairs.

By Mr. SNELL: A bill (H. R. 9240) for the relief of Truman Baker and Adele Dashnaw; to the Committee on Claims.

By Mr. TAYLOR of Tennessee: A bill (H. R. 9241) granting pensions to Martha Baker Mitchell and Patsy Pendleton Mitchell; to the Committee on Pensions.

Also, a bill (H. R. 9242) granting an increase of pension to Luchen N. Patterson; to the Committee on Pensions.

By Mr. TEIGAN: A bill (H. R. 9243) for the relief of Harold G. Haines; to the Committee on Pensions.

Also, a bill (H. R. 9244) for the relief of Kenneth A. Bixler; to the Committee on Pensions.

Also, a bill (H. R. 9245) for the relief of the parents of Leonard Bjork; to the Committee on Claims.

Also, a bill (H. R. 9246) for the relief of Anton Maurice Sorenson; to the Committee on Pensions.

By Mr. THURSTON: A bill (H. R. 9247) for the relief of Minnie Belle Kendall; to the Committee on Claims.

By Mr. VINSON of Georgia: A bill (H. R. 9248) for the relief of Mamie Marshall; to the Committee on Claims.

Also, a bill (H. R. 9249) for the relief of Joseph Wheeler; to the Committee on Military Affairs.

By Mr. WENE: A bill (H. R. 9250) granting an increase of pension to Maria E. Perry; to the Committee on Invalid Pensions.

By Mr. WHITE of Idaho: A bill (H. R. 9251) for the relief of Coy L. Collins; to the Committee on Claims.



## PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3898. By Mr. ALESHIRE: Memorial of the General Assembly of the State of Ohio, special session, 1937-38, memorializing Congress to adopt the Uniform Service Act (H. R. 6704) now pending before that body; to the Committee on Ways and Means.

3899. Also, memorial of the General Assembly of the State of Ohio, special session, 1937-38, memorializing Congress to enact a uniform wage and hour law; to the Committee on Labor.

3900. By Mr. ANDREWS: Resolution adopted by the City Council of Niagara Falls, N. Y., urging enactment of legislation to improve the airport facilities throughout the United States; to the Committee on Interstate and Foreign Commerce.

3901. By Mr. ASHBROOK: Petition of E. B. Babbitt and 23 citizens of Newark, Ohio, urging passage of House bill 4797; to the Committee on Ways and Means.

3902. By Mr. COFFEE of Washington: Resolution of the Typographical Union, No. 170; International Brotherhood of Electrical Workers Union, No. 1086; and International Brotherhood of Electrical Workers Union, No. 483, all of Tacoma, Wash., demanding that the United States Government insist on all foreign lumber coming into the United States being plainly marked with the country of origin and that any such lumber not so marked be denied entry; to the Committee on Ways and Means.

3903. By Mr. FITZPATRICK: Petition of the Military Order of the Purple Heart, Inc., Department of New York, urging recognition of their order in the proportionate distribution of the so-called Stars and Stripes fund of the sum of \$294,852.97; to the Committee on the Judiciary.

3904. Also, petition of the United Association of Journey-men Plumbers and Steam Fitters, Local No. 86, Mount Vernon, N. Y., urging the passage of the housing bill in order to stimulate construction of buildings; to the Committee on Banking and Currency.

3905. By Mr. HILDEBRANDT: Petition of citizens of Perkins County, S. Dak., requesting adequate relief and Federal Government aid; to the Committee on Ways and Means.

3906. By Mr. JACOBSEN: Resolution adopted by the American Legion at their national convention in New York City in September 1931, providing that Federal-aid payments to States or Territorial soldiers' homes should be increased from \$120 to \$240 per capita per annum; provided, that in no event should the sum paid exceed one-half of the per capita cost of maintaining the veteran in the State or Territorial soldiers' home; to the Committee on World War Veterans' Legislation.

3907. By Mr. KNIFFIN: Petition of W. G. Reich and others, protesting against the passage of Senate bill 69; to the Committee on Interstate and Foreign Commerce.

3908. By Mr. LAMNECK: Resolution of the National Leather Fibre Conference, Boston, Mass., and Columbus, Ohio, protesting against the passage of Senate bill 69, the train-length bill; to the Committee on Interstate and Foreign Commerce.

3909. By Mr. MEAD: Petition of the Lackawanna Joint Unemployment Committee, of Lackawanna, N. Y., urging enactment of the Allen-Schwellenbach proposal to provide \$3,000,000,000 for relief work; to the Committee on Appropriations.

3910. By Mr. REED of Illinois: Petition signed by Anton Verbic and 82 other residents of Aurora, Ill., requesting favorable action on wage and hour legislation; to the Committee on Labor.

3911. Also, petition signed by Mr. and Mrs. Lester Sidebottom and 27 other residents of Aurora, Ill., requesting favorable action on House bill 8782; to the Committee on Military Affairs.

## SENATE

MONDAY, JANUARY 31, 1938

(Legislative day of Wednesday, January 5, 1938)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

## THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Friday, January 28, 1938, was dispensed with, and the Journal was approved.

## CALL OF THE ROLL

Mr. LEWIS. As the business of the day makes necessary the presence of a quorum, I ask that the roll be called in order to secure one.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Johnson, Colo.	Pittman
Andrews	Davis	King	Pope
Ashurst	Dieterich	La Follette	Radcliffe
Austin	Donahey	Lee	Reynolds
Bailey	Duffy	Lewis	Russell
Bankhead	Ellender	Lodge	Schwartz
Barkley	Frazier	Logan	Schwellenbach
Bilbo	George	Loneragan	Sheppard
Bone	Gerry	Lundeen	Smathers
Borah	Gillette	McAdoo	Smith
Bridges	Glass	McGill	Steiwer
Brown, Mich.	Guffey	McKellar	Thomas, Okla.
Brown, N. H.	Hale	McNary	Thomas, Utah
Bulkeley	Harrison	Maloney	Townsend
Bulow	Hatch	Miller	Tydings
Byrd	Hayden	Minton	Vandenberg
Byrnes	Herring	Murray	Van Nuys
Capper	Hill	Neely	Wagner
Caraway	Hitchcock	Norris	Walsh
Chavez	Holt	Nye	Wheeler
Clark	Hughes	O'Mahoney	
Connally	Johnson, Calif.	Overton	

Mr. AUSTIN. I announce that my colleague the junior Senator from Vermont [Mr. GIBSON] and the Senator from Minnesota [Mr. SHIPSTEAD] are necessarily absent. I ask to have this announcement stand for the day.

Mr. LEWIS. I announce that the Senator from Rhode Island [Mr. GREEN] is absent from the Senate because of illness.

The Senator from Tennessee [Mr. BERRY], the Senator from Nebraska [Mr. BURKE], the Senator from Florida [Mr. PEPPER], and the Senator from Missouri [Mr. TRUMAN] are detained on important public business.

The Senator from Nevada [Mr. McCARRAN] has been called to his State on official business.

The Senator from New Jersey is absent attending the funeral of the late Representative Kenney.

The VICE PRESIDENT. Eighty-six Senators have answered to their names. A quorum is present.

## SENATOR FROM OREGON—FREDERICK STEIWER

The VICE PRESIDENT laid before the Senate a letter from the junior Senator from Oregon [Mr. STEIWER], which was read, and, with the accompanying paper, ordered to lie on the table, as follows:

UNITED STATES SENATE,  
January 31, 1938.

The Honorable JOHN NANCE GARNER,

Vice President of the United States, Washington, D. C.

MY DEAR MR. PRESIDENT: Inclosed herewith please find copy of letter to the Governor of Oregon presenting my resignation from the office of United States Senator. As indicated in the letter this resignation is effective January 31, 1938.

May I take advantage of this opportunity to express my deep appreciation for the many courtesies which I have received from your office and for the consideration which has uniformly been extended to me by the United States Senate.

With assurances of highest esteem, I am,

Respectfully yours,

FREDERICK STEIWER.